

LA Fashion District Business Improvement District

2004 Activity Reports

First Quarter

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## **I District Goals for 2004**

Business Improvement District Goals for 2004 are based on the program objectives set forth in the 2004-2008 District Management Plan. This five-year plan of activities was approved in July 2003 by the City Council of Los Angeles. The District Management Plan is included as Attachment I.

Quarterly Activity Reports are submitted to comply with the terms outlined in the contract Agreement C-106374 between the City of Los Angeles and the Downtown Los Angeles Property Owners Association: Section 2. Corporation Responsibilities: 2.2B Program and Budget Reports-Quarterly Report.

Quarterly Activity Reports describe the status and progress of the various District programs, improvements, and activities or unanticipated challenges or opportunities that arise during the course of daily business in the 90 block business improvement district.

The reports outline Safety, Maintenance, Marketing and Administration activities conducted to ensure quality services designed to make the district a clean, safe and friendly place to work, shop and do business. Nearly \$ 3.3 million dollars a year are spent on district services. It is critical that productivity be measured and tracked daily for each of the operational units that comprise the Clean, Safe and Marketing programs.

LA Fashion District BID Activity Reports are also used as a management tool to track and analyze trends, monitor productivity and cost efficiency. The reports provide detailed historical information that is used to enhance current systems to better serve the district.

## II First Quarter Activities

### 2004 Operating Budget Summary

The first quarter improvement and activity financial results are outlined in Attachment 2. The total improvement plan budget for 2004 is projected at \$3.3 million made up of the following components:

### Public Space Management Activities

Annual Budget                \$2,236,253        68% of the budget

### Public Space Safety Programs

The Fashion District Patrol deals with crime prevention and inappropriate conduct in the district, 24 hours a day, seven days a week.

#### First Quarter Activity

- The complete first quarter operations contact activity summary is available as Attachment III. 8,049 contacts were recorded for the first quarter of 2004 as compared with 15,431 recorded in the 2003 first quarter. However, significant improvements were quantified in primary problem areas. This may be attributed in part to the BID's proactive activities developed to address nuisance behavior and assist homeless in receiving social service aid.

#### Nuisance Behavior and Homeless Assistance Contacts

Category	2004	2003
Encampments	-0-	2157
Social Service Referral	124	72
Drug Activity	18	87
Aggressive Panhandling	265	502
Loitering	490	1267
Drinking in Public	471	871
Scavenging	3	230

- In contrast with this progress, negative activities associated with illegal vending continue to increase. Illegal vending problems also impact the maintenance budget. Those issues and costs are detailed in the next program description of this report.

#### Illegal Vending Contacts

Category	2004	2003
Illegal Vending	2586	3018
Sidewalk Obstruction	1217	247
Trespassing	1495	903

- Operations Management attended the 2004 Grants Workshop sponsored by Congresswoman Lucille Roybal-Allard. Options for procuring additional security funding were identified in the Homeland Security program.
- A proposal for funding for closed circuit television equipment for North Santee Alley was submitted through the Neighborhood Matching Fund program sponsored by Operation Clean Sweep.
- LAPD A-85 Car meetings continue to meet monthly. This outreach effort attracts approximately 20 merchants and property owners who attend regularly to discuss recent and ongoing problems in the business community. Complaints and reports include increased drug activity and homeless populations.
- The Field Office moved from San Pedro Street to a larger location on 15<sup>th</sup> Street and Maple.
- On March 31, 2004, BID staff met with Bill Robertson, Director of Public Works; LAPD Senior Lead officer, Street Services, Building & Safety, PACE (Pro Active Code Enforcement) and the City Attorney.

They discussed stepped up enforcement for illegal vending and LAPD is planning a sustained 6 month effort in the LA Fashion District which will begin in the summer and continue to the end of the year. All City enforcement staff and County Health will work with LAPD in this endeavor. While illegal vending will be the focus, they will also be targeting counterfeit merchandising, illegal dumping, and other code violations.

Also discussed was the issue of outdoor merchandising; senior City staff are beginning to recognize the fact that outdoor merchandising forms an integral part in creating the unique character of the LA Fashion District. It has now determined that in M-2 zoned areas of the district outdoor merchandising by the tenant (not a sub-tenant) is permitted on private property.

BID staff also pointed out that Santee Alley has to be treated differently than other alleys in the City. BID staff is working to get City staff (especially the City Attorney) to meet with the Operations Committee at their April 13, 2004 meeting and then a more general meeting with Santee Alley property owners and a meeting with other property owners to discuss long term solutions to the issues of outdoor merchandising. The goal is to schedule this meeting sometime in May 2004 but certainly before the concerted enforcement effort begins this summer.

### **Proposed Second Quarter Public Safety Activities**

- Continue to work with LAPD to develop plans to identify drug activity centers.
- Continue to act as liaison to direct homeless populations to service organizations.
- Develop plans to address illegal vending activities with the assistance of Council District 9 and City Service Departments.
- Communicate with property owners for support to eliminate sub leasing on their properties that encourages illegal vending.

## Public Space Maintenance Programs

The Fashion District BID maintenance programs deal with improving the public environment by providing graffiti removal, sidewalk and alley cleaning, street trash removal, tree trimming, weeding and poster removal.

### First Quarter Activity

- 2004 first quarter graffiti removal efforts doubled over activity in 2003.

<u>Graffiti Removal</u>	<u>2004</u>	<u>2003</u>
January	1051	662
February	653	375
March	1013	546

- Trash collection tonnage continues to escalate in the district. This ongoing problem is negatively impacting the maintenance budget. To maintain passable public alleys, the BID hauls tons of trash from these areas on daily basis. The Bureau of Street Services has helped address the problem with increased enforcement; over 700 warnings and 40 citations were issued over the fourth quarter of 2003.

<u>Trash Tonnage Collection</u>	<u>Monthly</u>	<u>Daily</u>
January	204 Tons	6.6 Tons
February	208 Tons	7.2 Tons
March	233 Tons	7.5 Tons

The Fashion District is a highly visible public destination in downtown Los Angeles with pedestrian traffic counts that rival counts in New York City. It is important that we provide a clean environment for visitors from all over the country and the world, and, for downtown employees and residents.

BID staff met with Ellen Stein, Vice President, Board of Public Works during December 2003 to discuss illegal dumping in the LA Fashion District. Council District 9 representatives and City Service departments were also at the meeting to discuss how their programs could be combined with BID resources to tackle the illegal dumping problems. The BID proposed installation of trash compactors in high volume areas.

Illegal dumping and the negative impacts of illegal vending were discussed at a second meeting on March 4, 2004.

## Proposed Second Quarter Public Maintenance Activities

- Work to procure funds to install trash compactors with the assistance of Council District 9.

## **ADMINISTRATION, COMMUNICATION, SPECIAL PROJECTS ACTIVITY**

Annual Budget                \$670,909                20%    20% of Budget

### **Administration/Advocacy Programs**

The Fashion District improvements and activities are managed by a professional staff that requires centralized administrative support. Fashion District services are delivered 24 hours a day, seven days a week and require management staff 24 hours a day, seven days a week. Advocacy is an important part of the administration function, providing additional City investment and services.

#### **First Quarter Activity**

- At the January Board meeting, the Legislative Committee requested that Board take a policy position on Big Box Ordinance. Legislative Committee's recommendation is to support the ordinance which prohibits superstores over 100,000 ft. with 10% of total gross floor area dedicated to the sale of non taxable goods in City Economic Assistance Zones. A letter was sent to Council members outlining the LA Fashion District's support for the Big Box Ordinance.
- The finalized 2004-2008 BID/City Agreement Contract was received on March 2, 2004 and signed by the BID Board on March 3, 2004. The BID did not receive operating funds for 2004 until March 15, 2004. This represents the longest period of time since the beginning of the BID in 1996, that operating funds were withheld by the City of Los Angeles. If surplus funds were not available to pay contract labor, wages, rent, etc., the BID would have had to close down operations due to lack of funds.  
  
Four issues in the draft contract were discussed at a Board of Directors meeting on February 17, 2004 also attended by City Clerk and the Administrative Services Director. Subsequent to the Board of Directors meeting, the City Clerk redrafted the city contract to reduce the administration fees from \$31,000 to \$23,246 for the first year of the new BID. The remaining three issues regarding budget variances, timeliness of activity reports, and termination of the contract without notice, were not changed after discussions with the City Attorney.  
  
The Board discussed their concerns about the remaining issues and agreed to send a letter opposing the outstanding points to the City Clerk, City Attorney, and political officials.  
The BID executive director reported on an upcoming meeting with City Attorney, Patty Tubert during which he will discuss possible amendments.
- The search for a new Finance Manager during February and March resulted in a new hire on March 15, 2004.
- The 2004 Annual Meeting for BID Property Owners was held on March 25, 2004. The 2003 Annual Report is included as Attachment IV of this report. Approximately 60 people attended, and 15 district improvement awards were presented. Councilmember Jan Perry discussed recent problems with illegal vending in the district, encouraged property owners to help eliminate the problem by enforcing propriety leases and tenant sub-contracting activities. Councilmember Perry was presented a district improvement award for her assistance with procuring funds for special streetscape paving at the intersection of 9<sup>th</sup> Street and Los Angeles Street.
- The City will soon be installing nine new bus shelters in the LA Fashion District. We are working with the City and adjacent property owners to fine tune the locations to minimize impacts on tenants.

The Bureau of Street Services anticipates that the first two or three Automated Public Toilets will be installed sometime in January. At this juncture, it appears the locations will be at 5<sup>th</sup> & San Julian (CD-9), Chandler and Lankershim (CD-4), and Wilbur & Parthenia (CD-12). An optional site that's also ready to receive an APT is located Huntington and Monterey (CD-14).

Other locations within the queue to receive an ATP at this point include:

Figueroa/MLK  
San Pedro/6th  
San Pedro/5th  
Los Angeles/5th  
Hill/5th  
Hill/4th  
Colorado Blvd/Sierra Villa Drive (Eagle Rock)  
Main/9<sup>th</sup>

Viacom Decaux received phone calls objecting to the ATP installation at 9th and Main however, they never received anything official in writing within the prescribed response time frame from the adjacent property owner. This means that location still shows up as a good location on the data base. Viacom Decaux and the Bureau of Street Services will continue to work with whomever they need to, including the BID, Council Office, adjacent property owner, to see how to best accommodate this location. It will still be at least 9 to 12 months before we anticipate any sort of installation at the 9th and Main location, so there's time to work things out.

- The BID supports the review of newsrack ordinance amendments that will enforce current codes and establish a uniform color, set limits on height, width, and number of racks allowed on city streets. The item was recommended for council action on March 26, 2004 . The Council agreed to instruct the

Bureau of Street Services and the City Attorney to jointly report back to the Government Efficiency and Public Works Committees no later than April 10, 2001, on the following:

\*Define an "immediate public safety hazard" which would justify the citing and removal of newsracks from the public rights-of-way and cite specific examples;

\*Discuss steps to immediately implement procedures for checking permits on newsracks to identify legally and illegally located newsracks before targeting them for enforcement;

\*Status of the prospective Newsrack Ordinance amending Los Angeles Municipal Code (LAMC) Chapter IV Article 2 Section 42.00 (Regulation of Soliciting and Sales in Streets);

\*Discussion of current court cases pertinent to the enforcement of the existing Newsrack Ordinance and drafting of the new Ordinance; and

\*Comprehensive discussion of how the new Newsrack Ordinance provisions will be incorporated into the requirements of the Coordinated Street Furniture Request For Proposals.

### **Proposed Second Quarter Administration/Advocacy Activities**

- Meet with the City Attorney to discuss BID/City contract amendments.
- Work with affected property owners to promote the benefits of street furniture installations.
- Continue to support the Big Box Ordinance.
- Continue to support the News Rack Ordinance.
- Work with property owners to gain compliance with sidewalk obstruction ordinance.
- Campaign for re-election to the Downtown Los Angeles Neighborhood Council Board of Governors.



## Image & Communications Programs

The LA Fashion District BID Image & Communications programs are developed to create a positive image for the district based on the positive changes that take place. Programs are designed to attract new investors and customers to the district as well as attract City investment to the district.

### First Quarter Activity

- The Winter Newsletter was distributed in February 2004 and included here as Attachment V.
- Revisions are underway for a new Map Guide, Services Directory, and Phone Contact Card. Expenses include costs for new graphic designs and map changes to include expanded boundaries.
- A new graphic design was commissioned for the 2004 print ad campaign to attract both wholesale and retail buyers. Wholesale ads will appear in the California Apparel News. Ad buys for retail buyers are planned for the Downtown News and LA Weekly.
- Preparation for the April Fashion Week was started during the first quarter. Activities included ad design, ad buys, and information kiosk staffing.
- Urban Shopping Adventures (USA) was started in 2003 as a special marketing tour effort sponsored by the BID. USA is now off and running with tours scheduled for March 27 and April 3. Both bookings were the result of a public relations article in the Downtown News.

USA also met with 16 sales staff of the Wilshire Grand Hotel during a 30-minute presentation to the sales staff of the Wilshire Grand Hotel. They were very enthusiastic, and will promote the tour service in several ways. USA's brochure will be placed in their lobby rack; brochure will be included in their sales packets; information and a hot link will be placed on their web site, AND in the LA Downtown Guide web site which is their own as well. They also asked USA to do a brief informational walk-through to give them a better idea of where the tour route will take customers, and so that they themselves feel more familiar.

In preparation for the meeting, USA contacted several design studios and stores for sample garments to take to the meeting and were pleased to get a completely positive response, and brought items from Alessandro on Pico, plus Julie Atri and Dick and Jayne design studios. The sales crew were very impressed with the items and the special pricing.

In addition, USA has approached Ciudad, a Downtown restaurant, to develop a specially priced promotional package partnership that will be featured in their very popular e-newsletter, and put a link on their web site. The owners, Mary Sue Milliken and Susan Feniger are well-known celebrity chefs who have a new radio show on KFI. They may not be able to mention USA by name, but they are big supporters of Downtown, and they do refer listeners to their web site, so this is a positive development. Further, it sets up a model that can show to restaurants within the Fashion District, and inspire them to create and promote similar packages.

USA is heading up the POW WOW/LA Inc. media tours in the Fashion District on April 24 – 25. POW WOW/TIA represents a tremendous opportunity to vastly increase the volume of tours to the District.

### First Quarter 2004 Website Hits

First quarter website hits nearly doubled in January, February, and March over 2003 totals. February totals represented a milestone as the first month to break to over 1 million hits.

<u>Website Hits</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>Quarter Total</u>
2004	958,334	1,005,234	1,291,439	3,255,007
2003	553,446	522,524	647,452	1,723,422

- First Quarter 2004 Media Impressions

The Intersection Marketing Collaborative efforts to advertise Fashion Weeks are clearly paying off in landmark media impression numbers.

<u>Media Impressions</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>Quarter Total</u>
2004	18,943,180	23,400,446	19,153,910	61,497,536
2003	14,034,847	4,101,542	10,352,452	28,488,751

### **Proposed Second Quarter Communications Activities**

- Produce and distribute map guide, phone contact card, and services directory.
- Coordinate ambassador activities for The Intersection during Fashion Week in April 2004.
- Host Pow Wow tours of the Fashion District.
- Produce and distribute Spring Newsletter.

### **Special Projects Programs**

BID Special Projects programs focus on specific issues important to the district such as: day laborers, public restrooms, parking improvement, uniform signage streetscape improvements, and in the fourth and fifth years of the District, BID renewal expenses.

#### **First Quarter Activity**

- The MTA released a letter that officially canceled the 2003 Call for Projects. This means the two streetscape project applications that were submitted by the BID have been cancelled. The applications that had been approved by the City Council to proceed in the Call for Projects process, would have funded a \$1.5 million streetscape project for Los Angeles Street, and a \$975,000 gateway enhancement project. There are two items of good news. The same or similar applications will be submitted for the 2005 Call for Projects; and, we still have the Phase I monies for the Santee Alley Streetscape Improvement Project available so we can start seriously looking at how we want to expend those monies.
- BID staff met with representatives of the Community Redevelopment Agency to discuss public art projects for the LA Fashion District. They are examining the possibility of two projects, one at the corner of 9<sup>th</sup> and Los Angeles Streets and one at the entrance to Santee Alley. A requirement for the project will be that the BID own and maintain the public artwork. Their Advisory Panel will include the Fashion District in their upcoming tour of potential public art sites in downtown.

### **Proposed Second Quarter Special Projects Activities**

- Meet with City representatives about funding applications for streetscape improvements through the Neighborhood Matching Fund.

### **III      Attachments**

- 2004-2008 District Management Plan
- First Quarter Financials
- Operations Contacts
- 2003 Annual Report
- 2004 Winter Newsletter

LA Fashion District Business Improvement District

2004 Activity Reports

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#### **Administration, Communication, Special Projects**

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### **III Attachments**

1. Second Quarter Financials
2. Operations Contacts
3. "Clean Sidewalk Code" letter to property owners
4. Illegal Vending Flyers
5. New BID Collaterals
6. Business Tax Reform Endorsement
7. New Projects
8. BIDLINES Newsletter

## **I DISTRICT GOALS FOR 2004**

Business Improvement District Goals for 2004 are based on the program objectives set forth in the 2004-2008 District Management Plan. This five-year plan of activities was approved in July 2003 by the City Council of Los Angeles. The District Management Plan is included as Attachment I.

Quarterly Activity Reports are submitted to comply with the terms outlined in the contract Agreement C-106374 between the City of Los Angeles and the Downtown Los Angeles Property Owners Association: Section 2. Corporation Responsibilities: 2.2B Program and Budget Reports-Quarterly Report.

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The reports outline Safety, Maintenance, Marketing and Administration activities conducted to ensure quality services designed to make the district a clean, safe and friendly place to work, shop and do business. Nearly \$ 3.3 million dollars a year are spent on district services. It is critical that productivity be measured and tracked daily for each of the operational units that comprise the Clean, Safe and Marketing programs.

LA Fashion District BID Activity Reports are also used as a management tool to track and analyze trends, monitor productivity and cost efficiency. The reports provide detailed historical information that is used to enhance current systems to better serve the district.

## **II SECOND QUARTER ACTIVITIES**

### **2004 Operating Budget Summary**

The second quarter improvement and activity financial results are outlined in Attachment 1. The total improvement plan budget for 2004 is projected at \$3.3 million.

### **LAUSD Assessment Payment Update**

In response to recent invoices from the City Clerk's office, The Los Angeles Unified School District reported that the BID will receive payment if the building on San Pedro Street is either sold or the land is transferred for construction of a new school. The matter may be concluded in the first quarter of 2005.

### **CPI Increase Approved**

At the Board of Directors meeting on May 13, 2004, members approved a 2.6% Consumer Price Index increase for 2005 assessments. The Finance Committee recommended an increase of 2.6% using the 2003 percentage increase in the Los Angeles CPI as the basis for increasing assessments. Although the District Management Plan allows for annual CPI increases, the Finance Committee has not recommended an increase since 2001. Prudent finance and management practices have enabled the organization to prevent assessment increases. Additional funding will be used to cover the increasing cost of worker's compensation insurance, fuel, security issues, and other service program expenses.

The 2005 assessment database with the 2.6% CPI increase was forwarded to the City Clerk's office prior to the June 7, 2004 deadline.

### **Line Item Budget Adjustment**

On May 13, 2004, the Board also approved an adjustment to the 2004 budget by 10% in administration, marketing, and special projects in order to increase the security budget.

### **Public Space Management Activities**

Annual Budget                      \$2,236,253      68% of the budget

### **Public Space Safety Programs**

The Fashion District Patrol deals with crime prevention and inappropriate conduct in the district, 24 hours a day, seven days a week.

#### Second Quarter Contact Summary

The complete second quarter operations activity summary is enclosed as Attachment 2. During the 2004 second quarter, 8,728 contacts were recorded as compared with 15,438 in the 2003 second quarter. However, significant improvements were quantified in primary problem areas. This may be attributed in part to the BID's proactive activities developed to address nuisance behavior and assist homeless in receiving social service aid.

#### **Nuisance Behavior and Homeless Assistance Contacts**

<b>Category</b>	<b>2004</b>	<b>2003</b>
Encampments	101	3396
Social Service Referral	14	55
Drug Activity	30	107
Aggressive Panhandling	142	673
Loitering	1253	2066
Drinking in Public	368	950
Scavenging	6	355
Trespassing	1550	232

- In contrast with this progress, negative activities associated with illegal vending continue to increase. Illegal vending problems also impact the maintenance budget. Those issues and costs are detailed in the next program description of this report.

#### **Illegal Vending Contacts**

<b>Category</b>	<b>2004</b>	<b>2003</b>
Illegal Vending	1443	2065
Sidewalk Obstruction	265	269



## **Public Safety Activities**

### **Illegal Vending and the LA Fashion District BID**

One of our biggest challenges continues to be illegal vending. The level of illegal vending has increased substantially over the last couple of years as illegal DVD, toy and clothing sales have joined the hot dog, fruit and ice cream carts that frequent the district.

The City of Los Angeles estimates that illegal vending generates over \$500 million in sales per year. That means that the state, county and city loses over \$40 million in sales tax revenue as a result of these sales which further limits availability to fund health and education programs. It is a serious business.

Over 35 victim impact statements, from merchants on Maple Avenue, were received in the second quarter regarding the negative impact of illegal vending activities on their legal businesses. Concerns ranged from persons blocking the entrances to their stores, illegal DVD and CD sales, knife fights between illegal vendors, and decreased business because customers are being scared away. The merchants requested an increase in LAPD presence in the area to discourage criminal activity. The letters were forwarded to Captain Rubert, LAPD Central, and Captain Kane, LAPD Newton.

During May 2004 the BID sent a letter to all property owners alerting them to comply with the City's "Clean Sidewalk Codes", enforce the codes on their property and include appropriate contract language in their leases that prohibits illegal activities on the premises. The letter is included here as Attachment 3.

An emergency meeting of the Board of Directors was called on April 15, 2004 to discuss an attack on two BID safe team members on Saturday, April 10, 2004. Illegal vendors allegedly surrounded and attacked the team with baseball bats while the team was attempting to pick up an abandoned hot dog cart in an alley in Block 53 (bordered by 12<sup>th</sup> Street, Wall Street, Pico Blvd. and Maple Avenue). The officers received multiple injuries, were hospitalized and released the same day. This incident, along with multiple threats, has increased the level of risk in dealing with the vendors to a violent form. The LAPD took a report, called the incident a misdemeanor. Councilwoman Jan Perry was contacted to gain additional support for increased LAPD presence. She said that the issue of allowing vendors to become entrenched in the area is one that must be addressed directly by the property owners, merchants, and their sub-contractors, through property leases that prohibit illegal activities on the premises, and then enforce the agreements. Until then the Councilwoman said the BID will not receive city support.

The Board agreed to the following course of short term remedies, actions and long term plans:

#### **Short Term**

- Hire six additional security personnel with upgraded training levels, to work peak activity days including Thursday, Friday, Saturday, and Sunday starting immediately and continue through the first week of May.
- Review the budget to reallocate available funds on security within the 10% limit.
- Improve the level of security personnel on the streets.

- Initiate immediate additional training and protocol for dealing with illegal vendors.
- Investigate hiring off-duty police for areas where possible.
- Investigate installation of closed circuit cameras.

#### Actions

- Develop a draft statement to property owners asking them to be proactive about eliminating the circumstances that are causing the proliferation of illegal vendors.
  - Provide a list of recommended enforcement activities including (1) lease propriety (2) tenant notice, and (3) enforcement of “clean” sidewalk codes.
  - Include information about trash increases and negative impact on the BID budget.
- Finance committee will meet to review budget for increased security costs.

#### Long Term Plans

- Research the options for alternative security firms.
- Develop an ad hoc committee that will work to contact owners in “hot spots”.

Leaflets were distributed to illegal vendors and shoppers to discourage illegal DVD-CD and fruit selling activities. Copies are enclosed as Attachment 4.

### **LAPD Investigation of the LA Fashion District BID**

On May 4, 2004, the LAPD Commercial Crime Division searched the field office as part of a larger investigation into the conduct of our Safe Team Officers as they interact with illegal vendors.

LAPD Central Area Captain Rubert summarized the allegations.

1. that three of our Safe Team Officers unlawfully confiscated property from street vendors (they have a video tape that allegedly corroborates this allegation)
2. that confiscated property is not properly accounted for (i.e., all items taken by the Safe Team Officers were not handed over to the LAPD or the Motion Picture Association of America - MPAA)
3. that Safe Team Officers have assaulted street vendors, and;
4. that Safe Team Officers have allegedly extorted money from vendors.

These serious allegations were also investigated by Securitas, the BID’s security contractor. Both the BID and Securitas fully cooperate with the investigation.

The BID reviewed our policies in handling abandoned property with all Safe Team Officers. Our policy has been to only take property that has clearly been abandoned by the owners.

Video tape evidence submitted by the Motion Picture Association of American was viewed and based on the evidence, two officers were immediately suspended.

Although the BID’s independent investigation has not corroborated any of the allegations LAPD is investigating, we have taken the following actions to restore the property owner’s confidence and most importantly LAPD’s confidence in the LA Fashion District Safe Team:

1. We immediately removed the three officers originally named in the investigation.
2. We are removing all Safe Team officers who had contact with vendors by June 30, 2004.

3. We have replaced our Operations Director with an interim director, Randy Tampa as we search for a permanent replacement. Mr. Tampa has over 22 years of law enforcement experience and 4 years with the Downtown Center BID so he's no stranger to BID Clean and Safe programs. He also has an excellent working relationship with LAPD.

On June 22, 2004 Mr. Smith was interviewed by Detective Gene Arreola in relationship to his role in sanctioning any of the alleged misconduct by Safe Team officers. The investigation has focused in on the confiscation of goods sold by illegal vendors. Eight Safe Team members are under scrutiny for this activity. The investigation will be concluded by the end of June and the case will be then filed with the District Attorney.

### **Improving the Partnership between the LAPD and the BID**

On June 8, 2004, Captain Rubert, LAPD Central, SLO Julie Nony, Neighborhood Prosecutor Dena Sohn, met with Board Members and property owners to discuss the partnership between the LAPD and BID, and the proliferation of illegal vendors in the district that is causing an escalation of violent incidents in key retail areas, especially on weekends.

John Phillips of Securitas (the BID's security contractor) said that their internal investigation was complete and to date, there are no indications of wrongdoing on the part of their security employees. Securitas continues to cooperate with the LAPD crime division investigation.

Kent Smith, BID Executive Director, reported that according to plan, all current Safe Team Officers who were involved with illegal vendors, will be removed from the LA Fashion District by the end of June 2004.

Central Captain Rubert ensured Board Members and property owners that LAPD Central will continue to work with the BID to keep the area safe. He reported that overall, violent crime and property crime statistics are down in Central Division.

At the request of Board Members, the LAPD and Council District 9 will research the possibility of providing additional uniformed patrol officers to key retail areas to ensure public safety. The BID will provide statistics on activity patterns to LAPD for future deployment.

A key element in removing illegal vendors from the area is cooperation from property owners to enforce Clean Sidewalk Codes in their tenant leases, Rubert explained. Sidewalk obstruction from outdoor merchandising and illegal space rentals are violations that complicate LAPD's ability to identify illegal vendors.

On June 10, 2004, Mr. Smith met with Deputy Chief Gary Brennan who is currently responsible for both Central and Newton Divisions. They reaffirmed the importance of working together and both agreed to make a special effort to restore the working relationship with LAPD and the BID.

On June 28, 2004, Mr. Smith met with Deputy Chief Brennan again to discuss a BID protocol for LAPD in its dealings.

## **Interim Operations Director Hired**

The BID announced the addition of Randall Tampa to the staff as the Interim Operations Director. Tampa, who started duties June 14, 2004, is responsible for the day-to-day management of the District's 56-member Clean & Safe Teams, which patrol the 90-block Fashion District 24-hours a day, seven days a week, working to maintain the positive public environment of the community.

Prior to joining the LA Fashion District, Tampa served as the Director of Operations for the Downtown Center Business Improvement District in Los Angeles, where he concentrated on safety and maintenance responsibilities for the DCBID. Tampa also brings 22 years worth of law enforcement experience with the Glendale Police Department.

## **Illegal Vending Task Force Formation**

On April 29, 2004 and May 27, 2004, Executive Director Kent Smith met with Bill Robertson and representatives from the Bureau of Street Services and the Department of Building and Safety to advocate moving forward on the plan for a six month vending sweep which would begin in June 2004. This meeting followed the March 31, 2004 discussion to step up enforcement for illegal vending where all City enforcement staff and County Health agreed to work with LAPD in this endeavor. While illegal vending will be the focus, they will also be targeting counterfeit merchandising, illegal dumping, and other code violations.

Kent Smith met with Kathy Godfrey and David Lancaster of Councilmember Jan Perry's office on June 1, 2004 which led to a June 8, 2004 meeting with Board Members and the LAPD, where Godfrey and Lancaster explained that the Council Office has a strong interest in making changes and procuring resources for expediting a solution. District 9 promised support for the Task Force due to start in the coming months to fine violators of Sidewalk Obstruction Codes and consumer fraud.

## **Meeting with Sheriff's Office Regarding Prisoner Release**

On Thursday, April 29, 2004 the BID met with Chief Charles Jackson of the Correctional Services Division to discuss the Sheriff's prisoner release policy.

We were told that the numbers of inmates released from the Twin Towers facility onto the streets of downtown Los Angeles averages 3200 per week or 166,400 per year.

We were also told that since April 1, 2003 inmates are only serving on average 20% of their sentences because of budget shortfalls. Violent criminals serve longer sentences (50%) but other misdemeanors serve only 10% of their sentences.

The Sheriff is allowing several social service agencies (Chrysalis and Midnight Mission) to survey the inmates on their release to determine what percentage may not have a place to go and therefore end up on Skid Row on the northern boundary of our district.

With this information we can work with County supervisors and the Sheriff to develop a strategy to limit the impact these released inmates have on the downtown.

### **New Services Directories and Phone Cards Distributed to Owners and Merchants**

Customer service is one of the BID's main missions and telling owners and merchants how to contact the BID is an important part of our service to provide a clean, safe and friendly place to work, shop and do business.

Every property owner received a new Map Guide, Services Directory, and Phone Card along with a letter inviting requests for delivery to upper floor tenants. Samples are enclosed as Attachment 5.

Safe Team members personally delivered guides, directories, and phone cards to over 2,500 merchants.

### **Proposed Third Quarter Public Safety Activities**

- Continue to work with LAPD to rebuild a positive relationship.
- Develop plans to address illegal vending activities with the assistance of Council District 9 and City Service Departments.
- Participate in the illegal vending task force within appropriate protocol.
- Continue education information for property owners on their responsibilities for discouraging illegal activities by tenants on their premises, and to comply with clean sidewalk codes.
- Continue to act as liaison to direct homeless populations to service organizations.

## **Public Space Maintenance Programs**

The Fashion District BID maintenance programs deal with improving the public environment by providing graffiti removal, sidewalk and alley cleaning, street trash removal, tree trimming, weeding and poster removal.

### **Second Quarter Activity**

- 2004 second quarter graffiti removal efforts continue to increase over activity in 2003.

<u>Graffiti Removal</u>	<u>2004</u>	<u>2003</u>
April	629	560
May	560	459
June	699	533

- Trash tonnage records in the first two quarters of 2004 are slightly decreased over 2003 records. This may be the result of education materials distributed to property owners during the last two quarters. However, this ongoing problem continues to negatively impacting the maintenance budget. To maintain passable public alleys, the BID hauls tons of trash from these areas on daily basis.

<u>Trash Tonnage Comparison</u>	<u>2004</u>	<u>2003</u>
1 <sup>st</sup> Quarter	645 Tons	700 Tons
2 <sup>nd</sup> Quarter	646 Tons	887 Tons

The Fashion District is a highly visible public destination in downtown Los Angeles with pedestrian traffic counts that rival counts in New York City. It is important that we provide a clean environment for visitors from all over the country and the world, and, for downtown employees and residents.

### **Trash Compactor Program Update**

The Trash Compactor Program has been tabled due to budget constraints at the city level. At a April 21, 2004 meeting, the Environmental Quality and Waste Management Committee considered a motion by Council Members Perry and Parks relative to the feasibility and practicality of implementing a trash compactor program for businesses located in the City's Fashion and Toy Districts which would effectively reduce the trash and littering problems in these areas. The Committee directed the Bureau of Sanitation to conduct a review and provide a report in 30 days. However at this time the review has been discontinued until a future date.

### **Trash Disposal Cost Increase**

On May 24, 2004, BLT Enterprises proposed a new rate of \$36.50 per ton, a 79% increase from the old rate of \$20.44 per ton. We are working with the City of Los Angeles Bureau of Sanitation which has recently purchased the facility to rollback the increase.

### **New Sidewalk Cleaning Equipment Demonstration**

Most sidewalks in the district are at least 30 to 50 years old and have become highly porous. The disintegrating concrete soaks in dirt and sidewalks throughout the district are extremely grimy because of high visitor traffic, illegal dumping, and illegal vendors dropping food on the ground.

The Fashion District BID scrubbed nearly 8.3 million square feet of sidewalks with automated equipment in the second quarter with minimal long term improvement.

The BID is currently researching new scrubbing equipment to increase effectiveness. Several companies demonstrated equipment however no decisions have been made to purchase new machines at this time.

### **Proposed Third Quarter Public Maintenance Activities**

- Continue to work to educate property owners and merchants about appropriate trash collection procedures.
- Continue to work with the Bureau of Sanitation to rollback increase in disposal fees.
- Continue researching new sidewalk scrubbing equipment.

## **ADMINISTRATION, COMMUNICATION, SPECIAL PROJECTS ACTIVITY**

Annual Budget                      \$670,909              20%      20% of Budget

### **Administration/Advocacy Programs**

The Fashion District improvements and activities are managed by a professional staff that requires centralized administrative support. Fashion District services are delivered 24 hours a day, seven days a week and require management staff 24 hours a day, seven days a week. Advocacy is an important part of the administration function, providing additional City investment and services.

#### **Second Quarter Activities**

### **Big Box Ordinance**

At the January Board meeting, the Legislative Committee requested that Board take a policy position on Big Box Ordinance. Legislative Committee's recommendation is to support the ordinance which prohibits superstores over 100,000 ft. with 10% of total gross floor area dedicated to the sale of non taxable goods in City Economic Assistance Zones. A letter was sent to Council members outlining the LA Fashion District's support for the Big Box Ordinance.

Subsequently, Eric Garcetti, Chair of Economic Development Committee, confirmed that the City would amend the existing big box ordinance to provide more protections for the negative impact of superstores rather than introduce a separate ordinance for supercenters. These amendments were expected to be tabled in June, 2004.

Recently, the City Attorney had submitted a draft ordinance for consideration by various City committees and commissions amending the Major Development Project regulations. This proposed ordinance seeks to place a more stringent process on the approvals of Superstores in Economic Assistance Zones rather than an outright ban as was originally proposed by City Council and endorsed by the LA Fashion District Board.

In a memo to the Director of Planning, the City Attorney sought to "balance the need to protect local communities and those of business enterprise seeking to enter the LA marketplace". This new proposal by the City Attorney would require the issuance of conditional use permits allowing for greater flexibility in the approval process and would require additional findings by a developer.

Several other changes include adding language in the Additional Findings section that states that a project "not adversely affect the economic welfare of the land uses in the impact area". Also included in recommended changes is the option to not only expand, but also reduce the size of Impact Areas by the appropriate agencies. The report suggests that the Planning Department will continue to work with other departments for draft instructions on the specific procedures and policies and information required when processing an "economic impact analysis report".



At the June 29, 2004 meeting of the BID Board of Directors, members agreed to support the changes to the ordinance that will prohibit superstores over 100,000 square feet with 10% of total gross floor area dedicated to the sale of non-taxable goods in City Economic Assistance Zones. Letters of support for the amendments were forwarded to all City Council members. The June 29<sup>th</sup> hearing was postponed until July.

### **City of LA/BID Agreement Contract**

Subsequent to the signing of the BID/City Contract, the BID executive director met with Patty Tubert, Senior Staff person at the City Attorney's office to discuss concerns about the City BID contract. Also in attendance were representatives for Hollywood Entertainment District, Downtown Center, Toy District, Hollywood Media District and Figueroa Corridor.

A subsequent meeting was held with Mike Carey of the City Clerk's office. Both meetings were productive in that the City Attorney agreed to form a task force of BID Executive Directors to review the changes to the contract. They also agreed to review the philosophy behind the contract changes. It seems that the City Attorney is treating BID contracts like any other City contract with service providers. This erroneous philosophy is partly responsible for the contract changes, and jeopardizes the existence of BIDs. The task force will take some time to complete its work but there is optimism that the work will make positive changes in the BID contract.

The next meeting with both the City Attorney and the City Clerk is scheduled for July 15, 2004.

### **Street Furniture Update**

The City initiated a street furniture program several years to install uniformly designed amenity kiosks, bus shelters, and automated public toilets throughout Los Angeles. The first 40 pieces will be installed starting July 1 and 171 pieces by December 31, 2004. In a recently released report, The LA Fashion District was not on the list for the first wave of bus shelter installations. The BID will continue to track the progress of this project.

### **Newsrack Ordinance Revisions and Historic Landmark Building Exemption**

The City Attorney is reviewing the proposed newsrack ordinance amendments before the City Council makes their final determination. In summary, proposed amendments would establish color and set limits on height, width, and number. The amendments also call for removal of all racks in front of historic sites.

Media representatives opposed this restriction and a compromise was reached that would prohibit newsracks in front of registered Historic Landmark Buildings. However, owners must apply in writing for exemption. The BID is in the process of contacting those owners per the request of the Department of Street Services.

### **Historic Core City Leases**

The LA Fashion District includes a portion of Spring Street between 7<sup>th</sup> & 8<sup>th</sup>, where certain owners have leases with the City for office spaces that house City Departments.

The late Mayor Tom Bradley had instructed City departments to move to the Historic Core of Downtown Los Angeles to assist in revitalizing a then abandoned portion of the Central City. The leases brought many new office workers into the area, which were followed by some cafes, restaurants and other service-oriented retail. The leases were to remain in place with the understanding they would terminate when retail, office and housing could sustain itself. Many years later, this process is beginning to occur.

The City was seriously considering purchasing the TransAmerica building at Olive and 11<sup>th</sup> Street rather than continue to lease buildings in the Historic Core. The BID started working with the property owners affected to address this issue with Council Member Jan Perry.

Council Member Perry organized a property owner meeting to discuss the implications of the City terminating those leases in the Historic Core. LA Fashion District property owners between 7<sup>th</sup> and 8<sup>th</sup> Street on Spring were invited to participate and provide input at the meeting held on Thursday, April 8, 2004. Nearly 50 people attended the meeting and voiced their opinions to Council Member Perry and Chief Legislative Analyst Ron Deaton.

At one point there were up to five options considered including a plan introduced by Mayor Hahn. The Mayor's proposal favored the purchase of the Broadway Building, but for use as a new headquarters for the LAPD, keeping City leases on the Spring Street building. In recent action, the Little Tokyo Community Council voted to support the Mayor's plan.

The Mayor's Plan also had the combined benefit of retaining the City offices on Spring Street including the 650 Spring Street building in the LA Fashion District and relocate LAPD to the Transamerica complex adjacent to our district. Councilwoman Jan Perry supported the Mayor's Plan. At the May 13, 2004 BID Board of Directors meeting, members endorsed the Mayor's plan and forwarded support letters to appropriate city departments and officials.

On June 16, 2004, City Council approved the purchase of the Transamerica Building at 12<sup>th</sup> Street and Broadway to house the Public Works Department. Currently Public Works leases buildings on Spring Street including 650 Spring Street in the LA Fashion District. On June 23, 2004, City Council agreed to locate the new LAPD headquarters facility at the old Cal Trans site at 2<sup>nd</sup> and Spring. Although the Spring Street leases will not be renewed and a number of city departments will move to the Transamerica building in 2006, the Fashion District will continue to benefit from this employee population by its close proximity to the district. In addition, this area that is currently underdeveloped, will likely see a new growth of restaurants, retail and possibly residences, that cater to office workers. The BID will track redevelopment of the Spring Street area.

## **Business Tax Reform**

After nearly a decade of analysis and debate about business tax reform, the Business Tax Advisory Committee (BTAC) has transmitted its final recommendation to the City Council's Ad Hoc Committee on Tax Reform. BTAC advised the City to adopt its "Third Way" Alternative Tax Proposal, which is essentially a simplified gross receipts tax that gives a 15% tax break that would increase to 25% in 2010 if overall revenues increase by a certain amount by that time. The Third Way proposal also addresses the problem of double taxation on "pass through" activity (i.e., business-to-business transactions such as payments to sub-

contractors and purchase of raw materials or inventory) by taxing high-margin industries at a higher rate.

Exemptions and protections for small companies, start-ups, and the entertainment industry would be preserved or enhanced under the Third Way proposal, which also provides for clarifications and simplifications to existing law regarding apportionment, small business exemptions, and inter-company charges. This alternative does not require voter approval because no taxpayer would pay a penny more than they currently pay. The BTAC believes that the City will see increased revenues under this plan because it will attract new businesses, promote compliance, and simplify enforcement.

In April, Council Members Greuel and Garcetti introduced a motion to give a 25% reduction in the overall tax burden over 5 years, with an additional 25% reduction if the City's fiscal condition permits. This proposal, along with the BTAC recommendation, will be heard in the Ad Hoc Committee on Business Tax Reform before the issues go to vote before the full City Council later this year.

Members of BTAC have expressed serious concern about the Mayor's proposed budget, which proposes to appropriate \$5.8 million from the business tax trust fund to help alleviate the City's General Fund deficit. The trust fund was created in 2001 through state legislation that allows the City to identify delinquent taxpayers by comparing City and State tax rolls. Monies collected through increased compliance flow to the fund, which is supposed to be used to offset General Fund revenue losses that may result from tax reform measures. BTAC believes that this tactic sets dangerous precedent that could effectively eviscerate the trust fund, and sends a message to the business community that the City is not committed to the reform.

On June 29, 2004 the BID Board discussed the most important new initiatives that exempt businesses with gross receipts below \$100,000, reduces the number of tax categories from 64 to six, and provides additional tax relief of 3 – 5 % each year, between 2006 – 2010, for all businesses. The Board voted unanimously to endorse these proposals to reform business taxes and to recommend that the City Council adopt these reforms by October 31, 2004. Letters of support for the tax reform initiative were sent to all Council Members. The letter is enclosed as Attachment 6.

### **Lyndon Hotel (413 East 7<sup>th</sup> Street) Review of Compliance with Conditions**

On June 15, 2004, BID Executive Director Kent Smith testified at the above public hearing to confirm that none of the conditions imposed by the Zoning Administrator on September 17, 1999 have been met. This testimony was reinforced by both LAPD and other community members. The hotel continues to be a source for narcotics and prostitution activity along Seventh Street.

The Zoning Administrator will receive written submissions until the end of June before she makes her final determination on whether the permit for the hotel will be revoked.

### **Banana Video (1206 S. San Julian St.)**

The BID received a report about an adult video store that opened recently on San Julian Street. The Department of Building and Safety informed us that there were no permits

issued for this business. A letter was sent to Council District 9 and copied to the Planning and Building-Safety Departments requesting an investigation into permit compliance and closure of the store if possible. Investigators reported that the store was closing down and all inventory had been removed as of June 30, 2004.

### **Santee Court Grand Opening Gala**

Downtown Leaders and community members, including Mayor James K. Hahn, Councilmember Antonio Villaraigosa, Councilmember Jan Perry and Grace Chee, Field Deputy to Congresswoman Lucille Roybal-Allard, converged on the Fashion District on May 21st to celebrate the grand opening of Santee Court, one of 3,100 market rate residential projects currently under construction in downtown. The thousands in attendance enjoyed tours of three model lofts as well as a fashion show by the retailer, Madison.

Owner Mark Weinstein and BID Board Member Alan Epstein as well as Committee Member Larry Hudson proudly welcomed everyone to the opening. LA Fashion District board members in attendance included Laura Aflalo, Steve Needleman, and Steve Hirsh. Fashion District Committee Members in attendance included Sam Sale and John van den Akker, as well as BID staff members.

### **New Projects**

Renovation and construction work in the LA Fashion District during the first six months of 2004 produced 5 commercial property improvements and 4 residential projects. Two of the new construction projects are underway in the expansion area east of San Pedro Street. A complete list with photos is enclosed as Attachment 7.

On April 1, 2004, Kent Smith met with developers for the proposed LA Fashion Center project at 14<sup>th</sup> Street and San Pedro and invited them to present the concept to the Board of Directors at the May 2004 meeting. Seven project team members attended and provided a power point presentation depicting architectural plans and information about the proposed tenant base.

### **Search Committee Appointed**

Three BID Board Members were appointed to head the Search Committee for a new Operations Director. Job announcements were placed in June and applications will close in July.

### **Downtown LA Neighborhood Council**

BID General Manager Lynn Myers was re-elected to the DLANC Board of Governors for a second two-year term to represent the interests of the Fashion District Business sector. Kent Smith is her alternate. As downtown grows with residential and business populations, the Neighborhood Council provides an important forum for networking and voicing opinions issues that impact the Fashion District to officials in Los Angeles.

The BID participated in two Business Development Workshops sponsored by DLANC during June, and represented the Fashion District at the DLANC Annual Block Party on June 23, 2004.

**Proposed Third Quarter Administration/Advocacy Activities**

- Continue meetings with the City Attorney to discuss BID/City contract amendments.
- Continue to support amendments to the Big Box Ordinance.
- Continue to support amendments to the News Rack Ordinance.
- Continue to support Business Tax Reforms.
- Track redevelopment of the Spring Street area.
- Monitor zoning decision on Lyndon Hotel.
- Create a resident discussion forum to encourage feedback on the public environment in the Fashion District.
- Conduct a search and hire a permanent Operations Director.

## **Image & Communications Programs**

The LA Fashion District BID Image & Communications programs are developed to create a positive image for the district based on the positive changes that take place. Programs are designed to attract new investors and customers to the district as well as attract City investment to the district.

### **Second Quarter Activities**

#### **BIDLINES Newsletter**

A BIDLINES newsletter was distributed to property owners in June 2004. Highlights included updates on the LAPD Investigation, the CPI increase, and monthly meetings with Senior Lead Officer Julie Nony. The newsletter is included here as Attachment 8.

#### **New Communications Collaterals**

The new Map Guide, Services Directory, and Phone Contact Card were completed and distributed during the second quarter. Samples are enclosed as Attachment 5. Marketing Coordinator Katherine Schmidt designed and produced the graphics in-house, a first for the BID that represented not only a savings but also complete control over the message conveyed to the public via graphic artwork.

#### **The Intersection and April Fashion Week**

The Intersection hosted friendly “crossing guards” on the namesake intersection of 9<sup>th</sup> and Los Angeles Streets during Fall ‘04 market week from April 1 – 4, 2004. The “crossing guards,” actors from the Troubadour Theater Company, served as friendly and entertaining information and goody bearers during market week, where thousands of buyers from all over the country descend to the LA Fashion District to buy clothes and accessories that will be in retail stores six months from now.

Also featured at the Intersection during April 3 & 4, 2004 of market week was an information kiosk built by Urban Kiosks LLC. The BID tested out the kiosk for possible future purchase. The kiosk would serve as an information distribution center for information about the Fashion District, market week and downtown.

#### **POW WOW Tour a Success**

The Fashion District BID hosted a special tour of the district for 30 media representatives. Urban Shopping Adventures President Christine Sylvestri, and Executive Director Francis Harder of Fashion Business Incorporated combined efforts to provide an insider’s look into the apparel industry.

#### **Website Update**

Work is underway to revise and update significant portions of the Fashion District website.

## **Inventory of Businesses**

As part of the website update, during the next 2 to 3 months, we will be visiting every street level store in the district in order to update the Searchable Directory on the LA Fashion District website. The last survey was conducted in 2001 and we've had a lot of changes in the district since then. The current Searchable Directory has over 60 product categories with thousands of store listings that can be printed by users. We are also adding directories of above grade businesses for CMC, New Mart, Cooper Design Space, Gerry Building, and San Pedro Wholesale Mart. The Directory is the second most popular destination for visitors to the website and also provides free advertising for stores.

## **Second Quarter 2004 Website Hits**

Second quarter website hits are now hitting and exceeding the 1 million mark on a monthly basis and a 58% increase over 2003 records.

### **Website Hits Six Month Summary**

	<b>2004</b>	<b>2003</b>
January	958,334	553,446
February	1,005,234	522,524
March	1,291,439	647,452
April	1,188,946	700,000
May	1,100,566	719,000
June	1,052,874	690,000
<b>TOTAL</b>	<b>6,597,393</b>	<b>3,832,422</b>

## **Second Quarter 2004 Media Impressions**

The Intersection Marketing Collaborative efforts to advertise Fashion Weeks continue to attract media attention. Less positive, the BID also received increased media attention from recent events in the district concerning illegal vending activities. Records show a 68% increase in media impressions over 2003.

### **Media Impressions Six Month Summary**

	<b>2004</b>	<b>2003</b>
January	18,943,180	14,034,847
February	23,400,446	4,101,452
March	19,153,910	10,352,452
April	22,342,953	27,000,000
May	20,263,198	7,300,000
June	18,175,786	16,000,000
<b>TOTAL</b>	<b>122,279,473</b>	<b>78,788,751</b>

**Free Advertising Dollars**

Based on a count of media impressions garnered by unpaid print advertisements and public relations stories, the BID leveraged **\$1,680,000** in free advertising.

**Proposed Third Quarter Image & Communications Activities**

- Produce and distribute Summer Newsletter.
- Update website content.
- Conduct inventory of businesses for website.
- Coordinate Intersection marketing activities for upcoming Fashion Weeks.



## **Special Projects Programs**

BID Special Projects programs focus on specific issues important to the district such as: day laborers, public restrooms, parking improvement, uniform signage streetscape improvements, and in the fourth and fifth years of the District, BID renewal expenses.

### **Second Quarter Activities**

#### **Neighborhood Matching Fund**

In the first quarter of 2004 a proposal for funding for closed circuit television equipment for North Santee Alley was submitted to the Neighborhood Matching Fund program sponsored by Operation Clean Sweep. The application was turned down.

BID staff met with the Director of the Neighborhood Matching Fund office to discuss program guidelines. Mr. Espinoza provided valuable information in terms of projects that had been funded in the past, the types of projects that could be successful in the Fashion District, and notice of the revised application form that will be available in July.

#### **Wayfinding Signage Update**

Downtown BIDs started their journey toward installing a uniform Wayfinding signage system throughout downtown Los Angeles back in 1999. After the project made its way through every city department over the past five years, we are happy to report that bids for a production contractor close on July 14, 2004. The city will announce their final selection in November, after the six-month "due diligence" period.

### **Proposed Third Quarter Special Projects Activities**

- Develop ideas for streetscape improvements through the Neighborhood Matching Fund.
- Contact the Bureau of Street Services Engineering Department for updates on the next MTA Call for Projects.
- Track progress of the Wayfinding Signage program.

### **III      Attachments**

1. Second Quarter Financials
2. Operations Contacts
3. "Clean Sidewalk Code" letter to property owners
4. Illegal Vending Flyers
5. New BID Collaterals
6. Business Tax Reform Endorsement
7. New Projects
8. BIDLINES Newsletter

LA Fashion District Business Improvement District

2004 Activity Reports

Third Quarter

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### **III Attachments**

1. Third Quarter Financials
2. Operations Contacts

## **I DISTRICT GOALS FOR 2004**

Business Improvement District Goals for 2004 are based on the program objectives set forth in the 2004-2008 District Management Plan. This five-year plan of activities was approved in July 2003 by the City Council of Los Angeles. The District Management Plan is included as Attachment I.

Quarterly Activity Reports are submitted to comply with the terms outlined in the contract Agreement C-106374 between the City of Los Angeles and the Downtown Los Angeles Property Owners Association: Section 2. Corporation Responsibilities: 2.2B Program and Budget Reports-Quarterly Report.

Quarterly Activity Reports describe the status and progress of the various District programs, improvements, and activities or unanticipated challenges or opportunities that arise during the course of daily business in the 90 block business improvement district.

The reports outline Safety, Maintenance, Marketing and Administration activities conducted to ensure quality services designed to make the district a clean, safe and friendly place to work, shop and do business. Nearly \$ 3.3 million dollars a year are spent on district services. It is critical that productivity be measured and tracked daily for each of the operational units that comprise the Clean, Safe and Marketing programs.

LA Fashion District BID Activity Reports are also used as a management tool to track and analyze trends, monitor productivity and cost efficiency. The reports provide detailed historical information that is used to enhance current systems to better serve the district.

## **II        THIRD QUARTER ACTIVITIES**

### **2004 Operating Budget Summary**

The third quarter improvement and activity financial results are outlined in *Attachment 1*. The total improvement plan budget for 2004 is projected at \$3.3 million.

### **Financials**

#### **2005 Budget and Work Plan**

Preparation for the 2005 Budget and Work Plan started during the third quarter with a staff evaluation of 2004 programs and expenses. During the quarter each Committee discussed and approved any service program changes and budgets. The draft budget and work plan is slated for presentation at the October Finance Committee meeting with final approval at the November Board of Directors meeting.

#### **City Controller's Audit of BIDs**

The City Controller made a number of recommendations to tighten City monitoring of BID financial expenditures in their audit report dated July 6, 2004. These recommendations were reviewed by the Audits and Governmental Efficiency Committee chaired by Wendy Gruel on August 18, 2004. The City Clerk responded to these recommendations in a separate report dated July 28, 2004.

While the City Clerk endorsed the Controller's "Section I" recommendations (on-time report submissions and review of reports to ensure City contract compliance), the City Clerk opposed the "Section II" recommendations that address receipt/review of BID employment documents, third party contracts, bank reconciliations, and checks.

We concurred with the City Clerk's report and Kent Smith along with Carl Clausen, Downtown Center BID's accountant, spoke at the meeting to convey our concerns about the Controller's Section II recommendations. The committee unanimously agreed to endorse the City Clerk's recommendations and reject the Section II recommendations put forward by the Controller.

#### **BID Financial Best Practices Seminar**

The BID Consortium sponsored a Financial Best Practices Seminar for all LA BIDs on September 8, 2004. The seminar was led by the Hollywood BID, Downtown Center BID, and the LA Fashion District BID, as well as the City Clerk's office, help BIDs establish accurate and comprehensive financial reports for their Stakeholders.

#### **Receivables**

Non-payment of private assessments is estimated at \$10,000 for the year. However, at the end of the third quarter the BID has received payment from 4 of the 16 public entities in the District. BID assessments for public entities totaled \$225,000 for 2003-2004. Non-payment of public assessments is \$171,000 for the year. This represents a significant negative impact on the BID's 2004 budget.

### **Public Space Management Activities**

Annual Budget                \$2,236,253        68% of the budget

### **Public Space Safety Programs**

The Fashion District Patrol deals with crime prevention and inappropriate conduct in the district, 24 hours a day, seven days a week.

### **Third Quarter Contact Summary**

The complete third quarter operations activity summary is enclosed as *Attachment 2*.

#### **Nuisance Behavior and Homeless Assistance Contacts**

<b>Category</b>	<b>2004</b>
Encampments	105
Social Service Referral	138
Drug Activity	28
Aggressive Panhandling	50
Loitering	618
Drinking in Public	1237
Scavenging	9
Trespassing	1490
Illegal Vending	687
Sidewalk Obstruction	283

### **Public Safety Activities**

#### **Illegal Vending Task Force**

The vending task force led by LAPD Senior Lead Officer Julie Nony continues to conduct sweeps during the week and weekend. Illegal goods are confiscated from vendors who are given a receipt. The goods are catalogued and stored. Vendors have 30 days to pick up the goods and if not the items are discarded. Both County Health, Street Services, and MPAA have been participating in the operations. County Courts are imposing stronger sentences in individuals arrested as second time violators. *See Attachment 3*. The MPAA believes that stronger sentences are sending an important message to pirates that their conduct will not be tolerated by law enforcement in the city of Los Angeles. The task force will operate until the end of the year.

Aside from seizing thousands of DVDs and hundreds of fruit and merchandise carts, the Task Force is having a noticeable positive impact on crime prevention in the LA Fashion District. As of July 31, 2004, Part I crimes (violent crimes, burglaries, car break-ins, etc.) were down 15% YTD, and overall crime was down nearly 12% YTD.

On September 22, 2004 SL Officer Julie Nony met with Council District 9 representatives to discuss the progress of the Illegal Vending Task Force and barriers to success. Since the city has been issuing permits from two different departments for the last 25 years city officials are reluctant to change the laws. Also, the

City Attorney has determined that without due process for seizing the goods ( i.e., there must be an arrest), then the seizure is a waste of time. Officer Nony is working with the Mayor's office for support on this issue.

### **Update on Clean Sidewalks Initiative**

During May 2004 the BID sent a letter to all property owners alerting them to comply with the City's "Clean Sidewalk Codes", enforce the codes on their property and include the appropriate contract language in their leases that prohibits illegal activities on the premises. The BID continues to monitor the effect of the initiative, although present conditions indicate the notice has had minimal impact on eliminating outdoor merchandising. The Bureau of Street Services continues to issue warnings and citations to code offenders.

### **Incidents Involving Illegal Vendors and the Fashion District**

Over a ten day period in August 2004, the BID had three incidents involving confrontations between vendors and Safe Team officers. All of these incidents have occurred after LAPD, Street Services, County Health and/or MPAA have been conducting enforcement activities in the district.

One of those incidents resulted in an assault of innocent bystanders by one Safe Team officer. He was charged, pleaded guilty, and has been sentenced to four years in State prison.

The Safe Team has been assisting all of the above entities in these enforcement efforts and are highly visible to the street vendors.

The task force has been effective at reducing vending activity but the level of tension between vendors and enforcement staff has escalated. Three weeks ago, before the above incidents occurred MPAA's vehicle was broken into in the LA Fashion District and on August 28, members of the Street Services enforcement team were verbally abused by vendors while they were carrying out their duties.

The BID will continue to assist with the Task Force enforcement efforts. We are also asking for more LAPD presence in the district. Securitas has responded expeditiously to these incidents to ensure all employees are effectively screened before their hire and they are adhering to all aspects of their agreement with the LA Fashion District. We will be doing more training with the Safe Team to deal with confrontational situations.

Our relationship with LAPD continues to be excellent and we will continue to work to assist them in controlling illegal vending in the LA Fashion District.

On September 13, 2004, at a Field Office staff meeting, Operations Director Randall Tampa; the new Securitas Project Manager, Javiere Castillon; and John Phillips, Securitas Account Manager, outlined new direction for the security staff. In order to prepare staff for immediate and longer term changes the management staff covered the following issues:

1. Focus on goals and mission
2. Increased training
3. Communication improvement between staff and staff with public
4. Re-implementation of penal code references in DAR reports
5. Reimplementation of law enforcement radio codes
6. Emphasis on professionalism
7. Emphasis on appearance
8. Schedule changes



## **Proposed Illegal Vending District**

On Tuesday, August 24, 2004, Kent Smith met with the City's Community Development Department to discuss the concept of a vending district in the LA Fashion District.

A petition was circulated by vendors to establish a vending district. The City requires the petition to be signed by 20% of the tenants in each block within the boundaries of the district. The proposed boundaries are Wall Street to Los Angeles Street, and Pico Blvd. to 9<sup>th</sup> Street.

Establishment of the vending district would require City Council approval after a Board of Public Works public hearing and recommendation. This will happen only if enough signatures have been obtained. Only one vending district is actively operating in Los Angeles at MacArthur Park on Wilshire Blvd.

We indicated our concerns with the proposal:

- a. Sidewalks are narrow and there are a few places that vending could occur without disrupting existing businesses
- b. The legal vending (the curbside Cushman hot dog carts) are already out of control in the district so why add more legal vendors
- c. Many of the vendors are selling counterfeit merchandise and we do not want to provide more opportunities for them to sell these illegal items
- d. The BID is forced to bear all the costs for cleaning up after both the legal and illegal vendors. These costs include more frequent sidewalk washing and trash collection and dump fees
- e. The existing enforcement of illegal vending is not very effective. New penalties and more money for enforcement are required. One example could be to require any vendor to show identification if they are selling goods on the streets of Los Angeles.

We did suggest that if the above problems could be satisfactorily addressed some vending sites might be possible. An example would be the DWP property on the east side of Maple Street between Pico and 15<sup>th</sup>. The blank wall could be turned into retail stores if it was well designed and well managed. The City already controls the property. We will keep you posted on the status of the vending district.

The BID is currently conducting daily Vendor Counts in order to determine the numbers of vendors working in the district, where the clusters of activity occur, and the types of products they sell.

## **A Car Meetings**

Starting January 2004, A Car meetings were revived as a format for owners and merchants to discuss problems in their areas. As problems were resolved attendance decreased. New approaches were discussed and a new format was developed. Once every quarter the LAPD and BID will host a business lunch and invite owners to meet with city departments. This plan will be initiated during the fourth quarter.

## **Anti-Terrorism Seminars**

As an integral and committed partner with the LAPD, the LA Fashion District has begun attending and participating in the recurrent anti-terrorism up-dates, seminars and discussions.

## **Compstat Meeting Attendance**

LA Fashion District management representatives continue to attend and/or sponsor all LAPD Central and Newton Division Compstat (crime prevention), and CPAB meetings in addition to Basic Car meetings.

## **Security Escort Service Extended**

The LA Fashion District has traditionally offered security escort service to employees, shoppers, and merchants as an extra safety measure for people walking to their cars after hours or during winter hours. The service will now be extended to city departments and local schools.

On August 25, 2004 a Department of Transportation meter employee was accosted and robbed of \$1500 in coins in the area of Central City East Association. Upon requests, the BID's will now work together to provide security escort service for meter employees at certain times and in certain more hostile areas of downtown.

The Fashion Institute of Design and Merchandising has requested BID security escort service for their students. FIDM has suggested that the BIDs attend their quarterly security meetings to introduce the students to BID personnel and services. Operations Director Randall Tampa will invite all BIDs to the meetings in order to develop an efficient form of general public services.

## **Proposed Fourth Quarter Public Safety Activities**

- Prepare for holiday season security.
- Initiate new A-Car format
- Continue to work with LAPD to rebuild a positive relationship.
- Continue to monitor the LAPD Investigation of the LA Fashion District BID
- Continue to address illegal vending activities with the assistance of Council District 9 and City Service Departments.
- Continue to participate in the illegal vending task force within appropriate protocol.
- Continue to monitor effectiveness of Clean Sidewalk Initiative and consider a second communication
- Implement training program for security staff
- Continue education information for property owners on their responsibilities for discouraging illegal activities by tenants on their premises, and to comply with clean sidewalk codes.
- Continue to act as liaison to direct homeless populations to service organizations.
- Evaluate service programs and develop the 2005 safety service budget

### **Public Space Maintenance Programs**

The Fashion District BID maintenance programs deal with improving the public environment by providing graffiti removal, sidewalk and alley cleaning, street trash removal, tree trimming, weeding and poster removal.

#### **Third Quarter Activity**

- 2004 third quarter graffiti removal efforts continue to increase over activity in 2003.

<u>Graffiti Removal Comparison</u>	<u>2004</u>	<u>2003</u>
July	786	608
August	752	361
September	612	493
<b>Totals</b>	<b>2150</b>	<b>1462</b>

- Trash tonnage records in the third quarter decreased significantly from 2003 third quarter records. This may be the result of education materials distributed to property owners during the last two quarters. However, this ongoing problem continues to negatively impacting the maintenance budget. To maintain passable public alleys, the BID hauls tons of trash from these areas on daily basis.

<u>Trash Tonnage Comparison</u>	<u>2004</u>	<u>2003</u>
1 <sup>st</sup> Quarter	645 Tons	700 Tons
2 <sup>nd</sup> Quarter	646 Tons	887 Tons
3 <sup>rd</sup> Quarter	621 Tons	1046 Tons

The Fashion District is a highly visible public destination in downtown Los Angeles with pedestrian traffic counts that rival counts in New York City. It is important that we provide a clean environment for visitors from all over the country and the world, and, for downtown employees and residents.

### **Trash Disposal Cost Increase**

On May 24, 2004, BLT Enterprises proposed a new rate of \$36.50 per ton, a 79% increase from the old rate of \$20.44 per ton. We are working with the City of Los Angeles Bureau of Sanitation which has recently purchased the facility to rollback the increase, however no action was taken during the third quarter.

### **Automated Equipment**

Several machines are due for replacement and expenses will be included in the 2005 budget to replace an 8210 sidewalk washer and a 3640 sweeper.

### **New Collector Trucks**

Two new Isuzu stake-bed collector trucks were purchased to more efficiently handle the increases in trash tonnage. One of the trucks came with a factory installed lift gate for heavier load removal.

## **Sidewalk Cleaning**

In an effort to remove the thick and syrupy grunge on the Districts sidewalks – attributable to the fruit and food vendors - the LA Fashion District has begun pressure washing certain strategic areas within the district.

## **Proposed Third Quarter Public Maintenance Activities**

- Continue to work to educate property owners and merchants about appropriate trash collection procedures.
- Continue to work with the Bureau of Sanitation to rollback increase in disposal fees.
- Increase staff for holiday coverage.

## **ADMINISTRATION, COMMUNICATION, SPECIAL PROJECTS ACTIVITY**

Annual Budget                \$670,909                20%                20% of Budget

### **Administration/Advocacy Programs**

The Fashion District improvements and activities are managed by a professional staff that requires centralized administrative support. Fashion District services are delivered 24 hours a day, seven days a week and require management staff 24 hours a day, seven days a week. Advocacy is an important part of the administration function, providing additional City investment and services.

Third Quarter Activities

### **Governance and Administration**

#### **2005 Election**

The Election Committee met on August 17, 2004 to review election timeline and procedures for the 2005 Board of Directors election.

On December 31, 2004 the terms of eight of the fifteen members of the Downtown Property Owners Association (DPOA) Board of Directors will end.

All property owners within the boundaries of the LA Fashion District Business Improvement District (BID) are eligible to run for Board membership. In November, all property owners will be asked to vote for their candidates by a mail-in ballot in the BID's second open election.

According to the number of votes received by each candidate, the first five (5) elected members will serve 3 year terms commencing on January 1, 2005, and next the three (3) elected members will serve 1 year terms commencing January 1, 2005.

On August 19, 2004 an invitation letter and nomination procedure were mailed to all property owners inviting them to declare their interest in becoming a candidate. The notice also appeared in the Summer 2004 edition of **fashion Files** the BID's property owner newsletter. A copy is included in the attachments.

Nominations closed on September 29. Nine candidates will seek election for the eight available seats. Ballots will be mailed to all property owners on October 30. The campaign ends on November 30<sup>th</sup> and results will be publicly announced at the Board of Directors on December 16, 2004.

#### **Search Committee Selects New Operations Director**

On August 12, 2004, the BID Search Committee agreed to hire Randall Tampa as the operations director. Tampa, who started duties June 14, 2004 in an interim role, was named permanent operations director August 12, 2004. As the operations director, Tampa is responsible for the day-to-day management of the District's 60-member Clean & Safe Teams.

The Search Committee, comprised of Board Chair John Remeny, and Board Members Raquel Bensimon and Elisa Mermelstein Keller, LAPD Captain J.R. Rubert, Executive Director Kent Smith, and General Manager Lynn Myers, reviewed over 300 resumes from candidates throughout the United States. Seven candidates were selected for a first round of interviews and the field was narrowed to three candidates for final interviews based on their responses to questions in the first interview and a written assignment. Mr. Tampa was selected for his strong background in local law enforcement and prior BID experience.

## **City of LA/BID Agreement Contract**

On July 15, 2004, the LA Fashion District, and representatives from Hollywood Entertainment District, Downtown Center, Toy District, Hollywood Media District and Figueroa Corridor met with the City Attorney and City Clerk to discuss BID contracts.

In June 2004, the City Attorney agreed to form a task force of BID Executive Directors to review the changes to the contract. They also agreed to review the philosophy behind the contract changes. It seems that the City Attorney is treating BID contracts like any other City contract with service providers. This erroneous philosophy is partly responsible for the contract changes, and jeopardizes the existence of BIDs. The task force will take some time to complete its work but there is optimism that the work will make positive changes in the BID contract. Contracts continue in review at the end of the third quarter.

## **Business Tax Reform**

On June 29, 2004 the BID Board discussed the most important new initiatives that exempt businesses with gross receipts below \$100,000, reduces the number of tax categories from 64 to six, and provides additional tax relief of 3 – 5 % each year, between 2006 – 2010, for all businesses. The Board voted unanimously to endorse these proposals to reform business taxes and letters of support for the tax reform initiative were sent to all Council Members.

The motion, written by Council Member Wendy Gruel , District 2, and Council Member Eric Garcetti, District 13, is being distributed for comment. The goal of the motion is to implement reforms beginning January 1, 2006, with the option to provide further relief after that time. We expect the motion will go before the City Council before October 31, 2004.

## **Big Box Ordinance**

On August 7, 2004 a joint committee hearing of the Planning and Land Use & Housing, Community and Economic Development Committees of the LA City Council took place to discuss and possibly act on a proposal to regulate Superstores in Los Angeles.

The City Attorney and Planning Department submitted draft proposals that amended the Major Development Project regulations. The Planning Commission amended the proposals to include previously excluded establishments such as wholesale stores, car dealerships, and construction material stores. Also, the commission voted to remove language that sought to extract mitigations from a developer who may not be utilizing union labor in its developments. City Council adopted the report with minor changes.

## **Red Car Trolley Support**

The Community Redevelopment Agency (CRA) Board has given approval for CRA staff to prepare a Request for Proposals (RFP) for a feasibility study for the Red Car Trolley in Downtown Los Angeles. The study will be funded through a federal grant provided by Congresswoman Lucille Roybal-Allard. The grant will be provided through the federal Department of Housing and Urban Development.

The Red Car is envisioned to:

1. Serve as a central mass-transit system that will connect Downtown's varied communities both for residents and visitors, as well as connect housing, retail and entertainment uses
2. Function as a tourist attraction and economic development tool by revitalizing a landmark Downtown icon and creating impetus for business growth in Downtown

The study will examine potential routes, car-types and designs, and equipment necessary for operation. In addition, mention will be made of the potential economic impacts and benefits of a Red Car system coming to downtown.

On September 21, 2004, Kaveh Samsamy from the CRA attended the BID Board of Directors meeting to present the concept and invite Members to participate in the Steering Team.

### **Fire Station Name Change Request**

On September 15, 2004, the LA Fashion District Business Improvement District (BID) asked Chief William Bammattre, LAFD, consider our request to change the name of Fire Station # 9 from the Skid Row Fire Station to the Fashion District Fire Station.

Downtown is changing for the better. The LA Fashion District BID has been here since 1996 and transformed into a vibrant downtown business and residential community. The fire station name should reflect the transformation.

### **Newsrack Ordinance Revisions and Historic Landmark Building Exemption**

The City Attorney is reviewing the proposed newsrack ordinance amendments before the City Council makes their final determination. In summary, proposed amendments would establish color and set limits on height, width, and number. The amendments also call for removal of all racks in front of historic sites. Media representatives opposed this restriction and a compromise was reached that would prohibit newsracks in front of registered Historic Landmark Buildings.

The Bureau of Street Services recommended that the LA Fashion District contact property owners of historic buildings to request an exemption in writing. According to City records there are 11 designated landmark buildings within the boundaries of the LA Fashion District Business Improvement District. Our office contracted the owners of these buildings to determine their interest in being included on the list of historic landmarks who wish to be exempted from news rack installations. Nine requests for exemption were received and forwarded to the Bureau of Street Services and to the Office of the Chief Legislative Analyst. The BID will track these requests.

### **Street Furniture Update**

The City initiated a street furniture program several years to install uniformly designed amenity kiosks, bus shelters, and automated public toilets throughout Los Angeles. Two news stands and one bus shelter were installed in the LA Fashion District during the third quarter.

The Bureau of Street Services division that is coordinating the project has not providing lists updating the BID about proposed street furniture installations and locations. Earlier in the project the BID worked closely with Viacom Decaux and the Bureau of Street Services Engineering Department to identify acceptable locations for various types of street furniture. Now, in the actual installation phase the BID has been excluded from the process. This is already proving to be problematic.

#### Newsstands

New newsstands have been installed on 6<sup>th</sup> Street east of Los Angeles Street, and at 8<sup>th</sup> and Spring Streets. While they are an improvement over the older wooden newsstands, some property owners have objected to their blocking access to tenants in their buildings. In one case, a newsstand was installed in front of a historically designated building who's owner had requested an exemption from the smaller news rack installations.

According to the BSS department representative, all property owners received notices about proposed installations. The issue is being investigated for appropriate permits. If the new newsstand kiosk is in the appropriate location according to permit paper-work, it will remain in that location despite the request for exemption from news racks. If the new Newsstand kiosk is in the wrong place, BSS will relocate it to the proper location in accordance with the permit.

Keeping the BID "in the loop" could have avoided this type of conflicting information.

### Bus Shelters

The first new Viacom Decaux bus shelter was installed in the Fashion District at 12<sup>th</sup> and Pico. The structure was almost immediately tagged with graffiti. The BID contacted Viacom Decaux who is responsible for maintaining the street furniture, and their maintenance crew painted out the graffiti in 24 hours.

### **Main Street Infrastructure Improvements**

The installation of new street lights continues on Main Street. The Bureau of Street lighting is replacing the cobra fixtures with historic fixtures. In 1999, the BID requested consideration of light fixture upgrades in this area.

### **New Construction Projects**

Six new retail/wholesale building projects and five residential projects were launched in the district since the beginning of 2004. The projects were highlighted in the Summer 2004 Newsletter. A copy is included as an attachment.

### **Lyndon Hotel Permit Revoked (413 East 7<sup>th</sup> Street)**

The Zoning Administration revoked the permit for this problem hotel and ordered the property owner to close down.

On June 15, 2004, BID Executive Director Kent Smith testified at the public hearing to confirm that none of the conditions imposed by the Zoning Administrator on September 17, 1999 have been met. This testimony was reinforced by both LAPD and other community members. The hotel has been a source for narcotics and prostitution activity along Seventh Street. The property owner may appeal the decision. The BID will continue to monitor the process and any continuing nuisance behavior around the property.

### **Staples Phase II Development**

On August 16, 2004, CRA Project Advisory Committee members attended a presentation by Ted Tanner, Senior Vice President of AEG, who briefed members on the Staples Phase II project. This project will include a 7,000 seat live performance venue north of Staples Center forming a one-acre plaza for community gatherings. Other uses will include restaurants, the ESPN fun zone, bars, and cinemas. Lawry's, the spice company, is looking at locating its headquarters here. The proposed 1800 room hotel would be located east of the entertainment venues in a 55-story building.

Equally exciting as the entertainment proposals is the number of market housing projects now underway between Olympic, Pico, Figueroa, and Olive with 3,000 units to open over the next 18 months in this area creating a new market for the LA Fashion District.

### **Downtown LA Neighborhood Council**

BID General Manager Lynn Myers was appointed to co-chair the Transportation and Public Works (T/PW) Committee, and appointed to the Election Committee. The T/PW Committee will meet on the fourth Tuesday of every month. The mission of the committee is to track actions and proposed actions of the City Transportation Department, the Community Redevelopment Agency, the Los Angeles County Metropolitan Transportation Authority, CalTrans, and SCAG, and evaluate and recommend positions to the DLANC Governing Board on those actions or proposed actions that relate to traffic or transportation Downtown.

The Committee may also make recommendations to the Governing Board on matters relating generally to public and private transportation, traffic and traffic circulation, parking, traffic signalization and control, expenditures from the Proposition A Local Transportation Assistance Fund, and projects seeking funding from the MTA Call-for-Projects, insofar as any of these matters bear on the interests of DLANC.



The Committee is further responsible for tracking actions and proposed actions of the City Board of Public Works, Bureau of Engineering, Bureau of Street Lighting, and Bureau of Street Services, and evaluating and recommending positions to the DLANC Governing Board on those actions and proposed actions that relate to public works matters Downtown. Those matters include but are not limited to storm drains and stormwater, the sewer system, streets and sidewalks, street furniture, street lighting, the City's Capital Improvement Program, and, as and if assigned by the Executive Committee, design and construction of City owned facilities.

On September 25, 2004 Myers is attending a special meeting hosted by the Department of Public Works for a special a Public Works Budget Day discussion. This is a unique opportunity to learn more about the many, vital services offered by the Department of Public Works. It will also provide specific information on how Neighborhood Councils can influence the Department's budget in the next fiscal year.

### **USC Holds Class in the LA Fashion District**

Developer and Fashion District property owner David Gray, is teaching a USC class on urban design right here in the heart of the LA Fashion District. Mr. Gray is challenging the student architects to "fix downtown" by creating developments that improve the quality of life. The classroom site is Gray's newly redeveloped project The Tomahawk Building at 9<sup>th</sup> Street between Main and Spring - a great example of proactive community design that implements adaptive reuse while improving the aesthetics of an area.

### **BID is Selected as USC Urban Planning Project**

A USC Urban Planning class is making the LA Fashion District BID their group project for this semester. The BID will work with the students to help them understand BID legislation and goals. The topic of their paper will be determined in the next month. The LA Fashion District is supportive of class projects that become a fresh look at elements of BID operation. In 2002, a UCLA graduate level marketing class produced a paper that made excellent suggestions about advertising options, and several ideas were implemented with success.

### **Proposed Fourth Quarter Administration/Advocacy Activities**

- Administer the second open election of the Board of Directors
- Continue meetings with the City Attorney to discuss BID/City contract amendments.
- Continue to support amendments to the News Rack Ordinance.
- Continue to support Business Tax Reforms.
- Attend meetings of the Red Car Feasibility Study Steering Team
- Attend meetings of the Parking Study Steering Committee
- Attend the 2004 Annual Conference of the International Downtown Association in Vancouver
- Select and auditor for the 2004 Financial Audit and Review
- Attend CRA PAC meetings and continue to monitor and advise on matters related to the City Centre Redevelopment Project

## **Image & Communications Programs**

The LA Fashion District BID Image & Communications programs are developed to create a positive image for the district based on the positive changes that take place. Programs are designed to attract new investors and customers to the district as well as attract City investment to the district.

### **Third Quarter Activities**

#### **Summer Newsletter**

A new format and colorful graphics designed by Marketing Coordinator Katherine Schmidt have made the summer newsletter one of the best BID marketing publications since the inception of the district. Daily accolades are coming from property owners and friends of the district. The newsletter is an important communication tool that shows a snap shot of District activities and celebrates its successes as well as its ever-evolving nature. The newsletter also provides stakeholders with the most up to date information on BID services and programs. Over 4,000 newsletters were distributed by mail and delivered to every tenant in the 90-block district. *A copy is attached.*

#### **New Streetscape Banners Slated for Fall**

Streetscape banners are getting a new look this fall with four unique graphic silhouette designs depicting family shopping, wholesale buying, textiles and flowers. The distinct black and yellow banners will also feature the Fashion District logo. Unique graphics and signature LA Fashion District colors representing the district's diversity serve as an important wayfinding service for visitors.

We are currently in the City permit phase and expect to complete installation by fall. One phase of the permit process was completed when the Department of Water and Power re-approved banner installation on DWP-owned wood poles. This is an important component of the banner installation program as most of the poles in the south side of the district are wood and owned by DWP.

#### **Website Update**

Work continues to update significant portions of the Fashion District website. A searchable directory of clothing lines represented in The Intersection was installed on the Fashion District website in preparation for the 2005 Spring Buyer's Market, October 11 – 14, 2004.

#### **Inventory of Businesses**

As part of the website update every street level store in the district was inventoried to update the Searchable Directory feature on the LA Fashion District website. The last survey was conducted in 2001 and we've had a lot of changes in the district since then. The current Searchable Directory has over 60 product categories with thousands of store listings that can be printed by users. A more user friendly format is being developed. We are also adding directories of above grade businesses for CMC, New Mart, Cooper Design Space, Gerry Building, and San Pedro Wholesale Mart. The Directory is the second most popular destination for visitors to the website and also provides free advertising for stores.

#### **Market Research Project**

The Image & Communications Committee agreed to appoint an ad hoc committee to explore the purpose and potential goals of market research project based on \$15,000 budget. On August 31, 2004, the committee met for the first time and produced positive results and direction. They agreed that in order to compete with national and international competition, the LA Fashion District needs to measure our overall competitive success in the apparel industry. The Fashion District needs to prove that this is where:

- Trends begin
- Business is done
- The apparel industry is located
- Jobs are generated
- New lines start

This information will attract media attention, public relations stories, increase property values, attract new development and grant funding, and valuable benchmarking statistics. Subsequently, Kent Smith met with CMC General Manager Paul Lentz to refine the quantitative and qualitative economic development indicators.

The list of indicators was submitted to Jack Kaiser at LAEDC. Mr. Kaiser and his team are reviewing and prioritizing the list in order for us to collect the most valuable information while staying within our budget.

### **The Intersection**

The Intersection marketing group will continue to promote LA Fashion Weeks to national and international audiences through advertising in prominent trade publications. The BID is hosting a new Intersection Lines Directory on website, which coincides with the addition of a wholesale page to the website, ultimately leading to increased wholesale resources for the future. This marketing tool is proving to be effective not only for The Intersection but also the district as a whole as the majority of the merchants sell wholesale and retail goods.

### **Advertising to National & International Buyers**

Another important wholesale marketing tool is the Los Angeles Fashion Week publication by California Apparel News. The Intersection and the LA Fashion District are represented in the Spring 2005 publication. Published twice yearly, **Los Angeles Fashion Week** has proven to be an unqualified success—compelling international and domestic buyers to Los Angeles' pre-eminent Spring and Fall markets. This glossy, four-color, tabloid-size publication is mailed at least six weeks before market to allow buyers ample time to make their plans. In addition to the extensive distribution at market, the piece is polybagged and mailed first-class to more than 12,000 domestic specialty store, specialty chain, and department store buyers.

**Los Angeles Fashion Week** will also go to 4,000 foreign buyers from major department stores and boutiques in London, Paris, Milan, Tokyo, Hong Kong and other major fashion centers. Buyer names have been culled from the major contemporary European and Asian tradeshow, as well as all Modem's list of retailers. In addition, copies are mailed to all major U.S. Trade & Commerce offices in Europe, Asia, and the Americas, with bulk copy distribution made available.

This promotional piece has been credited by the California Fashion Association and the Los Angeles County Economic Development Corporation with being a driving force behind the dramatic increase in buyer traffic over the past four seasons. Few vehicles offer such a unique high-profile marketing opportunity. *A copy is attached.*

### **Urban Shopping Adventures**

This project started in 2004 and overall has been a successful marketing joint venture. However, tour attendance was not as high as projected. The one year contract terminates at the end of October and the BID has chosen not to renew. We will continue to work with Urban Shopping Adventures on future projects.

### **2004 Holiday Campaign**

The Image & Communications Committee agreed to fund a similar holiday advertising campaign as 2003 due to highly successful results. Ads will be placed in Downtown News and LA Weekly from mid-November through mid-December. Additional ads will most likely to run in Daily News and La Opinion. Radio ads will be reduced to \$15,000 worth of air time on few stations. In addition to advertising, the BID is considering a special shopping tour of the District for a social service organization, with shoppers receiving money to spend in the District as well as a personalized, guided tour from Urban Shopping Adventures.

### **Fashion District Featured in 2004-2005 Downtown LA Visitors Guide**

The 6<sup>th</sup> annual 2004-2005 Downtown L.A. Visitors Guide, distributed to all of downtown and Los Angeles on Monday, September 27, 2004, is the definitive source for the best downtown has to offer, from history to shopping to accommodations and beyond. This glossy magazine is expertly compiled by the writers and editors of the *L.A. Downtown News*, downtown's premier award-winning publication.

The 2004-2005 Downtown L.A. Visitors Guide features useful listings of hotels, restaurants and entertainment for every taste and budget. A detailed map showing the easiest ways to traverse downtown is also included. This year the *L.A. Downtown News* printed 100,000 copies of the guide. Of the 100,000 copies, 47,000 are distributed as an "outsert" to the *L.A. Downtown News*' regular distribution and 63,000 are distributed at area hotels, private clubs, restaurants and retailers, the Los Angeles Convention & Visitors Bureau, selected conventions, in corporate welcome packages and at numerous special events throughout the year.

The LA Fashion District, the Flower District, and the Produce District are prominently featured in this issue as three of the "must visit" districts in downtown for apparel shopping, unique restaurants, fresh produce and exotic blooms.

### **Downtown News Awards**

In July, three businesses from the LA Fashion District were named winners of Downtown News' annual "Best of Downtown" awards. Readers chose the LA Flower Mart as the Best Florist, Santee Alley as the Best Shopping Street, and the Grill Table as the Best Kabob restaurant.

### **Third Quarter 2004 Website Hits**

Third quarter website hits are consistently hitting and exceeding the 1 million mark on a monthly basis. In the third quarter there was a 13% increase over second quarter activity (3,340,000). Third quarter website hits show nearly a 99% increase over 2003 records.

### **2003-2004 Website Hit Comparison**

	<b>2004</b>	<b>2003</b>
July	1,224,000	780,000
August	1,600,000	806,000
September	1,481,000	575,000
<b>Totals</b>	<b>4,305,000</b>	<b>2,161,000</b>

### **Third 2004 Media Impressions**

The Intersection Marketing Collaborative efforts to advertise Fashion Weeks continue to attract media attention. Less positive, the BID also received increased media attention from recent events in the district concerning illegal vending activities.

A comparison of 2003-2004 records shows a 124% increase in activity.

### **Third Quarter Media Impression Comparison**

	<b>2004</b>	<b>2003</b>
July	16,622,000	7,500,000
August	24,510,000	7,200,000
September	18,200,000	11,800,000
<b>Totals</b>	<b>59,332,000</b>	<b>26,500,000</b>

### **Free Advertising Dollars**

Based on a count of media impressions garnered by unpaid print advertisements and public relations stories, the BID leveraged \$1,500,000 in free advertising.

### **Proposed Fourth Quarter Image & Communications Activities**

- Continue to update website content.
- Coordinate Intersection marketing activities for upcoming Fashion Weeks.
- Prepare holiday advertising
- Install new banners
- Finalize Market Research Project

### **Special Projects Programs**

BID Special Projects programs focus on specific issues important to the district such as: day laborers, public restrooms, parking improvement, uniform signage streetscape improvements, and in the fourth and fifth years of the District, BID renewal expenses.

Third Quarter Activities

### **Community Redevelopment Agency (CRA) Art Project**

The LA Fashion District was selected by the CRA to receive a second round of funding for a public art project. The first project was a series of icon signs installed throughout the district in 1998. The new project criteria will call for a single installation that creates a destination landmark for the entire district.

California Market Center was selected as one of three potential sites. Paul Lentz, CMC General Manager and BID Board Member, met with the CRA team to discuss the new focus of CMC and his interest in creating a project that not only celebrates this new direction but also contributes the “pizzazz” factor to all of downtown. Mr. Lentz challenged the CRA team to come back with ideas and a format for attracting appropriate artists to submit proposals for the project.

The CRA team is in the process of getting feedback from various downtown CRA departments about taking on a large scale project. They are also assessing their databases of artists who work on a large scale and who can make an impact or statement with a public art project. The CRA team is planning to convene an advisory group of curators from local museums including MOCA to discuss project ideas. Based on the research work, the team will present the concepts to see how they intersect with CMC's vision. The presentation meeting is planned for some time in October

### **2004 Pedestrian Count**

The BID conducts pedestrian counts every other year as a means gather data that help us to analyze changes in visitor numbers. The pedestrian counts are scheduled start October and continue through November. Observer training and logistical preparations are underway in the third quarter.

### **Illegal Vendor Counts**

The BID is currently conducting daily Vendor Counts in order to determine the numbers of vendors working in the district, where the clusters of activity occur, and the types products they sell.

### **Wayfinding Signage Update**

A big step forward on the LA Walks project happened on July 14, 2004 when bids were received and opened. Four companies submitted bids to fabricate and install the signs. The two lowest bidders were about 20% below the estimated cost.

The City departments will need another three to four months to ensure that all bid paperwork is in order before they can make an official signed contract award. LA Walks coordinators are working with LADOT to try shortening this additional delay. However, under the current schedule a notice to start work could be issued in November with installation beginning some time in February or March 2005.

In late September, Fluoresco Light & Sign, Pomona, CA, was awarded the contract. On September 23, 2004 the Confederation of Downtown Associations met to discuss the project. Installation of 545 vehicular signs is projected to start on January 15, 2005 and finish in March, followed by the installation of 471 pedestrian signs and 285 maps later in 2005.

The BIDs will sign an agreement with the LA Department of Transportation and the City of Los Angeles to maintain and replace signs. Central City Association's attorney Dave Walsh is reviewing the contract.

The Confederation of Downtown Associations agreed to allocate \$145,000 to market the signage system to the public. Central City Association will ask their public relations firm to submit a proposal for a special event.

### **Neighborhood Matching Fund**

The BID decided not to apply for a Neighborhood Matching Fund grant in this round of applications due to budget constraints.

### **2005-2006 Housing and Community Development Consolidated Plan/3<sup>rd</sup> Action Plan Funding Application for CDBG, HOME, ESG & HOPWA**

On September 16 and September 22 the BID attended two training sessions to prepare funding applications for CDBG funds. Applications are screened based on the following criteria: (1) the proposed program is a public service, and (2) the proposed program meets a national objective, in this case serving low-moderate

income clientele. Three proposed projects were presented to the Community Development Department (CDD) staff to determine if the projects were eligible for funding. One project was selected to proceed to the application phase. The BID plans to submit an application to fund a BID Action Team project by the October 15, 2004 deadline.

### **2005 MTA Call for Projects**

On September 9, 2004, the Metropolitan Transit Authority suspended the 2005 Call for Projects process. During this call the BID intended to re-submit two applications that were submitted for the 2003 Call for Projects which was also suspended due to State budget shortfalls. The BID applications were a Phase II Streetscape Project to connect central downtown Los Angeles with the Fashion District via 7<sup>th</sup> Street, and a gateway project. The BID will continue to track project calls for available pedestrian improvement funds.

### **Proposed Third Quarter Special Projects Activities**

- Continue development of the CRA Art Project
- Conduct 2004 Pedestrian Count
- Track progress of the Wayfinding Signage program
- Submit an application for CDBG funding for a BID Action Team program

## ATTACHMENTS

1. Third Quarter Financial Report
2. Third Quarter Operations Report
3. LA Times Article: "A Year in Jail for Bootleg Seller"
4. Downtown News Article: "Black Market Battle"
5. BID Newsletter: fashionFiles
6. California Apparel News: LA Fashion Week



## FINANCE

We have enclosed the first three months financial results for the period ending March 31, 2004. The results are un-audited but fairly reflect the Activities Expenditures of the LA Fashion District BID.

**Downtown Property Owners Association  
Summary of Un-audited Financial Information  
For the 3 months Ended on March 31, 2004**

<u>Budget Item</u>	<u>Expenditure</u>
Public Space Management	\$ 512,964
Administration, Communication & Special Projects	\$ 111,831
South Santee Alley	\$ 52,027
<u>Other</u>	<u>\$ 52,303</u>
Total	\$ 729,125

<b>FINANCE</b>
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We have enclosed the first six months financial results for the period ending June 30, 2004. The results are un-audited but fairly reflect the Activities of the LA Fashion District BID.

**Downtown Property Owners Association  
Summary of Un-audited Financial Information  
For the 6 months Ended on June 30, 2004**

	2004
<b>ASSETS</b>	
Total Current Assets	\$ 2,765,837
Total Property and Equipment	\$ 170,595
Total Other Assets	\$ 10,200
Total Assets	<u>\$ 2,946,632</u>
<b>LIABILITIES &amp; CAPITAL</b>	
Current Liabilities	\$ 1,495,306
Long Term Liabilities	\$ -
Retained Earnings	\$ 1,451,326
Total Liabilities & Equities	<u>\$ 2,946,632</u>
 <b>REVENUE</b>	 \$ 1,698,995
<b>EXPENSES</b>	
Public Space Management	\$ 1,080,501
Administration, Communication & Special Projects	\$ 220,398
South Santee Alley	\$ 103,760
Other	\$ 105,053
Total Expenses	<u>\$ 1,509,712</u>
 <b>NET INCOME/(LOSS)</b>	 \$ 189,283

<b>FINANCE</b>
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Following are the first 9 months financial results for the period ending September 30, 2004. The results are un-audited but fairly reflect the Activities of the LA Fashion District BID.

**Downtown Property Owners Association  
Summary of Un-audited Financial Information  
For the 9 months Ended on September 30, 2004**

	<b>2004</b>
<b>ASSETS</b>	
Total Current Assets	\$ 2,085,824
Total Property and Equipment	\$ 159,878
Total Other Assets	\$ 10,200
Total Assets	\$ 2,255,902
 <b>LIABILITIES &amp; CAPITAL</b>	
Current Liabilities	\$ 732,409
Long Term Liabilities	\$ -
Retained Earnings	\$ 1,523,493
Total Liabilities & Equities	\$ 2,255,902
 <b>REVENUE</b>	\$ 2,534,393
 <b>EXPENSES</b>	
Public Space Management	\$ 1,610,653
Administration, Communication & Special Projects	\$ 344,457
South Santee Alley	\$ 155,405
Other	\$ 162,428
Total Expenses	\$ 2,272,943
 <b>NET INCOME/(LOSS)</b>	\$ 261,450

LA Fashion District Business Improvement District

2004 Activity Reports

Fourth Quarter

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### **II Fourth Quarter Activities**

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- Proposed 2005 First Quarter Activities
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#### **Administration, Governance and Advocacy**

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### **III Attachments**

1. Fourth Quarter Financials
2. 2005 Budget
3. Fourth Quarter Operations Contacts
4. 2005 Work plan
5. Fall Newsletter

## **I DISTRICT GOALS FOR 2004**

Business Improvement District Goals for 2004 are based on the program objectives set forth in the 2004-2008 District Management Plan. This five-year plan of activities was approved in July 2003 by the City Council of Los Angeles.

Quarterly Activity Reports are submitted to comply with the terms outlined in the contract Agreement C-106374 between the City of Los Angeles and the Downtown Los Angeles Property Owners Association: Section 2. Corporation Responsibilities: 2.2B Program and Budget Reports-Quarterly Report.

Quarterly Activity Reports describe the status and progress of the various District programs, improvements, and activities or unanticipated challenges or opportunities that arise during the course of daily business in the 90 block business improvement district.

The reports outline Safety, Maintenance, Marketing and Administration activities conducted to ensure quality services designed to make the district a clean, safe and friendly place to work, shop and do business. Nearly \$ 3.3 million dollars a year are spent on district services. It is critical that productivity be measured and tracked daily for each of the operational units that comprise the Clean, Safe and Marketing programs.

LA Fashion District BID Activity Reports are also used as a management tool to track and analyze trends, monitor productivity and cost efficiency. The reports provide detailed historical information that is used to enhance current systems to better serve the district.

## **II      FOURTH QUARTER ACTIVITIES**

### **2004 OPERATING BUDGET SUMMARY**

The fourth quarter improvement and activity financial results are outlined in *Attachment 1*. The total improvement plan budget for 2004 is projected at \$3.3 million.

### **FINANCIALS**

#### **2005 Budget**

The 2005 Budget was approved by the Board of Directors at the November 2004 meeting. Preparation and review started during the third quarter with a staff evaluation of 2004 programs and expenses. During the quarter each Committee discussed and approved any service program changes and budgets. There were few changes in the 2005 budget as compared with last year's budget. The 2005 Budget is enclosed as *Attachment 2*.

The following increases are proposed in the 2005 budget:

- (1) A 25 cent wage increase for clean team members,
- (2) A 66% increase in dump fees to cover the expected city cost increase
- (3) A graduated wage increase through 2005 for safe team members in order to stay competitive with other BIDs
- (4) A 2% increase in administration costs to cover increases in legal and audit
- (5) Modest changes in depreciation assets.

The bulk of the budget continues to be spent on clean and safe programs.

#### **2005 Assessment Disbursements**

Assessment disbursements for 2005 are not expected to begin before the end of January. The lapse of time represents a hardship on the operating budget of the Santee Alley Overlay area.

#### **Appointment of the 2005 Auditor**

The Finance Committee recommended retaining Stanislawski and Harrison to conduct the 2004 audit and financial statement based on positive performance over the last four years. The Board of Directors approved this recommendation at the November 16, 2004 meeting.

#### **Workers Compensation Claim**

Complications have arisen from a claim filed by a past employee for wrongful termination in 1997. Mr. Smith contacted the plaintiff's attorney to discuss settlement of the case which dates from 1997 but they refused to negotiate.

The BID has retained Robin Dal Soglio with Dal Soglio & Martens (on a recommendation from Latham & Watkins) to handle the case. At a meeting on Friday, December 10, 2004, Ms. Dal Soglio recommended that she initiate a second contact with the plaintiff's attorney. In the event that negotiation is unsuccessful, Ms. Dal Soglio will represent the BID at the January 2005 hearing.

#### **Receivables**

Non-payment of private assessments for 2004 is \$26,492.36. Non-payment of public assessments for 2004 is \$109,350.10. This represented a significant negative impact on the BID's 2004 budget.

## **PUBLIC SPACE MANAGEMENT ACTIVITIES**

**Annual Budget**                      **\$2,236,253**                      **68% of the budget**

### **Public Safety Activities**

#### **Fourth Quarter Contact Summary**

The complete fourth quarter operations activity summary is enclosed as *Attachment 3*.

#### **Nuisance Behavior and Homeless Assistance Contacts**

<b>Category</b>	<b>4th Quarter 2003</b>	<b>4<sup>th</sup> Quarter 2004</b>	<b>Variance</b>
Encampments	1890	485	74% Decrease
Social Service Referral	259	104	
Drug Activity	35	190	443% Increase
Aggressive Panhandling	61	313	413% Increase
Loitering	880	358	59% Decrease
Drinking in Public	768	621	
Scavenging	0	8	
Trespassing	1726	1615	6% Decrease
Illegal Vending	3599	1269	65% Decrease
Sidewalk Obstruction	159	134	

A comparison of 2003 and 2004 fourth quarter activities show that the BID's major nuisance behavior contacts continue to be illegal vending, trespassing, and encampments. Decreases are evident in those categories especially in illegal vending, most likely due to enforcement efforts by the Illegal Vending Task Force. Encampments are also significantly decreased from 2003, however, this may be due to rainy weather and an increase in homeless persons using shelters. New problem patterns are surfacing with aggressive panhandling and drug activity showing dramatic increases over 2003 contacts.

#### **Rave Parties in the LA Fashion District**

There have been two rave parties held in the LA Fashion District in the last several months where teenagers have been killed or wounded. Problems with rave parties are now escalating downtown. A story in the November 29, 2004 Los Angeles Times reported on the latest incident at Broadway near Manchester where an LAPD officer was wounded and the person responsible was killed in a shootout with police.

The article also mentions the two LA Fashion District incidents; in both instances, the LA Fashion District security called police to alert them to the problems. Police response was inadequate in the second case, which occurred in our district at a parking lot on the 400 East block of Pico on November 13, 2004. Two people were wounded here but left the hospital before they could be questioned by police.

Randall Tampa, our Operations Director has now put in place a notification protocol that will directly inform the investigating detectives of any raves held in the LA Fashion District. We will continue to make this a number one priority for our Safe Team who will immediately contact the police to report any location where crowds are gathered during non-business hours.



The LA Fashion District is also working with Deputy City Attorney Dena Sohn and her office to identify those downtown property owners (or their representative) who sublease their business spaces. The intent is to meet with and dissuade the responsible party from renting out his or her downtown property space for the purpose of having rave parties.

### **Illegal Vending Task Force**

Strategies and actions to eliminate illegal vending in the LA Fashion District are producing ambiguous results in all categories.

The vending task force led by LAPD Senior Lead Officer Julie Nony continues to conduct sweeps during the week and weekend. Illegal goods are confiscated from vendors and immediately disposed of in accordance with the law. In those cases involving non-counterfeit type goods, the vendor typically has 30 days to pick up the merchandise. The County Health Department, Street Services, and the MPAA have been participating in these operations. County Courts are also imposing stronger sentences in individuals arrested as second time violators.

Vending was the major topic of the October 27, 2004 BID Consortium Meeting held in Studio City. Michelle Fleenor of the Mayor's office has taken a leadership role in trying to address this challenging and difficult issue. Mr. Smith will chair a BID Consortium Ad Hoc Committee during 2005 to try to determine solutions to this problem and get them implemented.

The first meeting was held on November 4, 2004 and included Street Use Inspection, Code Enforcement, LAPD and the Neighborhood Prosecutor. Don Lancaster and Mike Hernandez from Council District 9 and Michelle Fleenor from the Mayor's office also attended. BIDs representing Granada Hills, Hollywood, Historic, Downtown and Wilshire Center were also at the meeting.

A number of alternatives including a stronger ordinance, vending districts, increased enforcement and educating judges were discussed

Huntington Park hosted a second meeting on December 1, 2004 and made a presentation on the methods that municipality used to eliminate vending from Pacific Avenue. Assistant Chief Steve Peller from Huntington Park addressed the group as to how his city impacted vending. Assistant Chief Peller discussed how the police department and the property owners collaborated. He also mentioned the regulations that were imposed by the Huntington Park City Council that made enforcement easier. The gist of the chief's talk was to stress the importance of enforcement continuity and confiscation.

### **Enforcement Efforts Stepped Up for Holiday Season**

The BID funded and leveraged enforcement assistance for the holiday season:

- **Overtime for County Health Inspectors**

We have agreed to pay two County Health inspectors overtime on the weekends starting November 13, 2004 to conduct sweeps in the district until the end of the year. Costs are estimated to be \$14,000. It is the third year we have paid for the inspectors' overtime.

- **Off-Duty Police Officers Hired**

To control the illegal vending in the area in and around the North Santee Alley, the BID hired two off-duty police officers to work Fridays and three off-duty officers on Saturdays and Sundays during the holidays. Major property owners hired the officers to work Monday through Thursday. All officers are being hired through the South Santee Maple Alley Association. These officers have been very effective in reducing criminal activity in and around Santee Alley.

- **MPAA Investigators in the Area**

The Motion Picture Association of America (MPAA) retained investigators to work in the LA Fashion District seven days a week from 10am-6pm starting November 26, 2004 until the end of the year. They will be

focused on illegal DVD/CD sellers. They mentioned that our vendor survey helped make the case for this initiative. Meanwhile the City Attorney has filed 41 criminal cases against illegal DVD sellers including several in the LA Fashion District as a result of the work of private investigators hired by MPAA.

Off duty police staffing in the Alley area have made a tremendous positive impact with 80% reduction in the sale of illegal CDs and DVDs. At an early morning raid, LAPD officers confiscated \$50 million worth of CDs and DVDs. LAPD believe this raid may have hit the top of the illegal production activity being conducted as an inside job by employees of a legitimate movie production company.

LAPD Captain Rubert commended BID Operations Director Randy Tampa and the LA Fashion District Safe Team for their assistance and professionalism in the investigation efforts.

- **Vending Survey Study Initiated**

During the fourth quarter the BID conducted a Vending Survey Study in order to establish a baseline of the types of illegal vending going on in the district and to assess the results of Task Force actions and strategies. Safe Team members in plain clothes completed a vending survey in late September and early October to show the results of the vending task force in the LA Fashion District.

An analysis of data for one week unfortunately showed that vending continues to proliferate in the district with over 150 vendors during the week and between 270 and 365 vendors during the weekend. Vendors are concentrated between 9<sup>th</sup> and Pico and between Los Angeles and Wall Streets, as well as between 5<sup>th</sup> and 7<sup>th</sup> Streets on Los Angeles Streets.

The BID included the survey results in a letter to Councilwoman Jan Perry dated October 22, 2004 and included here as Attachment 3. Copies were also forwarded to the Mayor's office, Department of Public Works, County Health and Gloria Molina's office (food only) and MPAA (DVD/CDs only). Progress in some categories, escalating sales in new categories, and several meetings have resulted from the surveys:

### **Illegal Pet Sales**

Illegal pet sales are on the rise. On Saturday, November 6, 2004, the LA Fashion District BID Safe Team assisted Animal Services with an investigation of a vehicle found in the district that was loaded with caged animals. The driver of the vehicle was arrested and Animal Services took over 100 animals into their care including lizards, birds, and turtles. The LA Fashion District BID is working closely with Animal Services and the SPCA to help stop illegal pet store sales in the district. The BID also supports the proposal put forward by Councilwoman Jan Perry and Councilman Ed Reyes that requests the City Attorney to prepare and present an ordinance which would prevent the sale of live animals on City streets, sidewalks, rights-of-way, or other public property.

### **Surveillance Camera Pilot Project**

The BID is working with LAPD, MPAA and the Walt Disney Company to explore the installation of two demonstration cameras in the district to deter vending and other crime. The cameras will be monitored by LAPD and will be supplied and paid for (demonstration purposes) by Hamilton Pacific.

The cameras are similar to the seven cameras used in McArthur Park by LAPD's Rampart Division. We attended a demonstration on October 28, 2004 and were very impressed with their potential use in the LA Fashion District. The results in McArthur Park have been remarkable. According to LAPD, there have been 140 arrests made since the cameras were installed in the first 6 months of 2004. There has been a 98% filing rate with the City and District Attorneys. Several jury trials have been won because the evidence was so convincing.

The year-to-date crime statistics also show incredible results. Compared to 2003, in 2004 there has been a 58% reduction in homicides and a 32% drop in Part I crime. This is for all of Rampart and not just for McArthur Park where the cameras were installed. Captain Charlie Beck believes that the cameras have allowed him to use his scarce resources more effectively and do a better job of reducing crime throughout Rampart Division.

Property owners in prime locations will be contacting to obtain permission to use their property to install the demonstration cameras.

### **Vendors Unsuccessful in Effort to Establish a Vending District**

As reported in the Third Quarter Report, a petition was circulated by vendors to establish a vending district. The City requires the petition to be signed by 20% of the tenants in each block within the boundaries of the district. The proposed boundaries are Wall Street to Los Angeles Street, and Pico Blvd. to 9<sup>th</sup> Street.

The vendors did not succeed in obtain the required number of signatures to establish a vending district.

### **Sheriff's Inmate Release Survey**

The LA Fashion District BID has been actively participating in Central City Association's Public Safety, Health and Homelessness Committee. In October, the Committee released the results of the survey that was commissioned over the summer. The survey was conducted from the premise that a massive number of inmates are released from Downtown-adjacent Men's Central Jail and Twin Towers Correctional Facility directly to downtown streets. Surveyors interviewed over 150 newly released inmates and assessed where they had lived before their arrest, where they were planning to sleep on the night of their release, whether they had a job, etc.

The results were startling: while only 1 person indicated that they were homeless before their arrest, over 20% said that they had no place to sleep that very night. Given that approximately 175,000 people per year are released from the Inmate Reception Center near Union Station, these percentages translate into tens of thousands of inmates effectively being stranded Downtown, even though they may have originally been arrested and lived in any part of vast Los Angeles County.

All of this has not been helped by the early release of 63,332 inmates by the County Sheriff. On a positive note, 1200 additional emergency "winter shelter" beds opened December 1, 2004 and will augment the 860 year round County emergency shelter beds until March 15, 2005.

### **A Car Meetings**

Starting January 2004, A Car meetings were revived as a format for owners and merchants to discuss problems in their areas. As problems were resolved attendance decreased. New approaches were discussed and a new format was developed.

The fourth quarter A-Car meeting was postponed on account of the officer being out of the country. Regular contact and meetings with Senior Lead Officers Julie Nony (Central Division) and Steve Carrillo (Newton Division) do occur on a regular basis.

### **Compstat Meetings and Crime Statistics**

LA Fashion District management representatives continue to attend all LAPD Central and Newton Division Compstat (crime prevention), and CPAB meetings in addition to Basic Car meetings. The LA Fashion District has also continued its membership and sits on the Board of Directors for the Central Division Police Boosters.

**Violent crime in Central Division (Fashion District is located in Central Division) was down 20% in 2004 over incidents that occurred in 2003. In the Fashion District area, overall crime was down 19.3%**

### **Midnight Mission Outreach Worker Program**

Midnight Mission has received a grant to employ outreach workers to try to get chronically homeless individuals off the street. The LA Fashion District coordinated a meeting of all LA Downtown BIDs on November 11, 2004 to set up a structure that will assist the organizations to interface the Outreach Worker activities with BID Safe Teams. The BID provided T-shirts for all of the Outreach Workers.

### **Safe Team Management Updates**

During the fourth quarter new management policies and procedures were implemented by the BID Operations and security contractor Securitas Services USA, Inc. with a goal of enhancing every Safe Team member's professionalism.

Safe Team officers are attending intensive training courses offered by the Regional Occupational Program (ROP) based in Hacienda Heights. The intermediate and advanced defense training courses are taught by experienced police officers. Each officer receives 8 hours of weaponless defense courses and 10 hours of baton training courses with written and practical application tests to determine proficiency. Prior to each daily shift change, each Safe Team officer attends a 15-minute briefing to discuss current District issues.

Based on competitive exams and input by SLO Nony, selected Safe Team officers were promoted to supervisory positions that will oversee the 24 hour security patrols in the field. Promotions were based on test scores and knowledge versus the previous method of tenure promotions.

An emphasis on representing the BID with a professional attitude is a key factor in the training. Safe Team member training was expanded to stress each member's responsibility for representing the BID with professionalism. Communications skills are being refined on an ongoing basis with an emphasis on customer service. BID uniforms receive daily inspection. Additional training on interaction with the homeless will also ensure that communication is professional with a sincere effort to assist each individual.

In concert with the police department, the Safe Teams are deployed in a manner that provides the District with the best possible coverage.

### **International Association of Chiefs of Police**

Downtown Los Angeles hosted the International Association of Chiefs of Police conference from November 12 to 17, 2004. Over 30,000 attendees traveled from all over the world to Los Angeles to attend the conference. During the initial planning sessions, Chief Bratton and Sheriff Baca agreed to include business improvement districts in this important special event. It was decided that employees from the participating BIDs would work as Public Relations/Concierge guides in each of the downtown host hotels. The LA Fashion District took the lead in organizing, deploying, and communicating with the event organizers to deploy 40 Safe Team officers from the LA Fashion District, The Downtown Center BID, Central City East Association, and the Figueroa Corridor BID. Feedback about the Safe Team Guides from conference attendees was extremely positive

### **Proposed 2005 First Quarter Public Safety Activities**

- Continue education information for property owners on their responsibilities for discouraging illegal activities by tenants on their premises, and to comply with clean sidewalk codes.
- Continue to act as liaison to direct homeless populations to service organizations.

## **Public Space Maintenance Programs**

The Fashion District BID maintenance programs deal with improving the public environment by providing graffiti removal, sidewalk and alley cleaning, street trash removal, tree trimming, weeding and poster removal.

### **Fourth Quarter Activity**

- 2004 fourth quarter graffiti removal records show an 8% increase in activity over 2003.

<u>Graffiti Removal Comparison</u>	<u>2003</u>	<u>2004</u>
October	431	414
November	337	459
December	359	464
<b>Totals</b>	<b>1167</b>	<b>1337</b>

- Trash tonnage records in the fourth quarter show an 8% increase over 2003 fourth quarter records and an increase over previous 2004 quarter records. This is likely the result of inventory stocking for the holidays and an increase in pedestrian traffic. High volumes of trash removed from the streets of the Fashion District continue to be a problem that negatively impacts the maintenance budget.

<u>Trash Tonnage Comparison</u>	<u>2003</u>	<u>2004</u>	<u>% Variance</u>
1 <sup>st</sup> Quarter	700 Tons	645 Tons	8% Decrease
2 <sup>nd</sup> Quarter	1151 Tons	646 Tons	44% Decrease
3 <sup>rd</sup> Quarter	1046 Tons	621 Tons	41% Decrease
4 <sup>th</sup> Quarter	652 Tons	706 Tons	8% Increase
<b>Totals</b>	<b>3549 Tons</b>	<b>2618 Tons</b>	<b>26% Decrease</b>

The Fashion District is a highly visible public destination in downtown Los Angeles with pedestrian traffic counts that rival counts in New York City. It is important that we provide a clean environment for visitors from all over the country and the world, and, for downtown employees and residents.

### **Holiday Staffing**

Four additional sweepers were hired to work during the holiday season. These employees were strategically assigned to areas with high pedestrian traffic.

### **Additional Sidewalk Cleaning Equipment to Improve Service**

The Board of Directors approved the purchase of two used Tennant 8210 automated sidewalk scrubbing machines to increase our fleet of sidewalk scrubbing equipment from two to three machines. (One of our 8210s will be sold or kept for emergency backup.) They also agreed to replace the Litterhawk automated sidewalk sweeper with a used ATLV Litter Vac machine.

Three machines housed at key locations on the north, central, and south ends of the district, will reduce travel stress on the equipment and provide improved service to all zones.

### **Acid Etching Removal Equipment Purchased**

The LA Fashion District purchased a "Scratch Hog" to remove acid etching and glass scratching from store windows. Clean Team members were trained during December and deployment is expected in January 2005. The machine has shown great potential in its removal of acid etched and scratched glass.

Acid etched graffiti tagging became a nation-wide problem in 2000 and made its way to the Fashion District and in the City of Los Angeles in early 2001. No remedy existed until now for the destructive result however some owners tried using plastic liners to protect frontage windows. The new Scratch Hog equipment incorporates a center-water feed machine using only water to lubricate & cool the glass as the scratch is removed. This machine is portable, using a small self-contained water source. Depending on the severity of the scratch a series of these special disposable discs are used, starting with a small disc and finishing with a larger disc. This feathering process greatly reduces any distortion other methods may cause.

This technology outperforms & outlasts conventional methods. Nothing we have tested performs better or removes scratches faster. The Scratch Hog performs repairs previously thought too severe.

### **Proposed 2005 First Quarter Public Maintenance Activities**

- Continue to work to educate property owners and merchants about appropriate trash collection procedures.
- Deploy new sidewalk cleaning equipment.
- Implement Scratch Hog acid etching and glass scratching removal equipment.

## **ADMINISTRATION, COMMUNICATION, SPECIAL PROJECTS ACTIVITY**

**Annual Budget**

**\$670,909**

**20% of Budget**

Fourth Quarter Activities

### **Administration, Governance and Advocacy**

#### **2005 Election**

Nominations to elect members to the 2005 Board of Directors closed on the last day of the third quarter. Nine candidates came forward to seek election for the eight available seats. Analysis of the qualification statements showed that two of the candidates were related by common ownership of four properties in the district. According to the Bylaws of the Corporation, candidates and Board members are not allowed to be related through several qualifications including common property ownership. One candidate withdrew.

Ballots listing eight candidates for eight seats were mailed to all property owners on October 30<sup>th</sup> to allow property owners to vote for write in candidates. The campaign ended November 30<sup>th</sup> and the results were tabulated by the accounting firm of Stanislawski & Harrison.

Election results were submitted in a sealed envelope that was opened at the Board of Directors meeting on December 16, 2004.

- Steve Hirsh, Ethan Eller, Justin Remeny, Laurie Sale, and Mark Weinstein were elected to three year terms.
- Mehdi Soroudi, John Van Den Akker, and Alexander Moradi were elected to one year terms.

**Recognition of Retiring Board Members** Raquel Bensimon, Michael Delijani, Elisa Mermelstein Keller, John Remeny, and Max Salter were honored with special plaques for their years of service on the Board of Directors.

## **2005 Work Plan**

Developed by the Fashion District Board of Directors, the Fashion District Business Improvement District 2005 Work Plan proposes to continue improving and convey special benefits to properties located within the Fashion District. The Business Improvement District will provide new and continued improvements and activities, including maintenance, security, image/communication and special programs above and beyond those currently provided by the City. This approach has been successfully working in the Fashion District since 1996. It has enabled the District to create a positive image, attract new customers, increase sales, occupancies and property values. The plan is included here as *Attachment 4*.

## **Bylaws Review**

During the election campaign several issues were brought forward by property owners. An ad hoc committee was appointed to review the bylaws concerning the election of Board members and officers. The first meeting is scheduled for January 2005.

## **Advocacy**

### **City BID Law Changes**

At the end of the third quarter, City Clerk proposed a number of changes to the City's BID Law. Most importantly they recommended that all LA BIDs would have to be created under City Law rather than the State Law that governs the LA Fashion District renewal.

Significant changes include:

1. reducing the petition threshold from 50% to 40%
2. not allowing government parcels to be included in the above calculations
3. requiring any BID expansion area to have 50% support from property owners within the expansion area before the area could be added to an existing BID

Members of the LA BID Consortium are interested by the first proposal but have serious concerns about the second and third suggested changes. The changes are being reviewed by BID law author attorney John Lambeth. The City Clerk is prepared to hear those comments before forwarding the document on to City Council. We attended a meeting on December 17, 2004 to review the changes and the City agreed to modify the last two proposed changes after hearing concerns from BIDs. A new draft has been circulated and is being reviewed by the BIDs before it goes to Council Committee.

### **City BID Contract Changes**

On March 3, 2004, the Board of Directors requested a number of changes to the City BID Contract which the LA Fashion District signed under protest. These concerns were shared by the Hollywood Entertainment District, Downtown Center BID and the Hollywood Media District as well as a number of other BIDs. We successfully convinced the City Attorney to address these concerns and a new draft contract was recently circulated. Representatives from the above BIDs met with the City Clerk's and City Attorney's offices on November 4, 2004 to discuss the changes.

The new contract is an improvement over the contract we signed in March. The draft allows the Board the flexibility to spend more money in a given year than set out in the Management Plan to take account of less spending in prior years and payment of delinquent assessments.

Limits are placed on the ability of the City to withhold funds, although the City will still be able to withhold funds if deadlines for budget approval, annual reports or newsletters are not met. The new draft also provides for written notice by the City to terminate this agreement for cause instead of without notice as contained in the previous draft. The Corporation has ten days to respond and begin a dispute resolution process.

All of these changes address the 3 points raised in the Board's March 3, 2004 letter and we believe the new contract meets the major concerns we raised. The insurance requirements were discussed at a meeting on

November 9, 2004. We have been pleased with the response of David Michaelson of the City Attorney's office to our concerns. A final version of the contract was received in late December and we are reviewing the latest version. The City Clerk will discuss the changes at the next BID Consortium meeting in January 2005.

### **Sale of California Market Center**

California Market Center (CMC) owners said they have accepted an offer of close to \$135 million to sell the 3-million-square-foot wholesale center to Los Angeles real estate firm Jamison Properties. Escrow is expected to close during the first quarter possibly by the end of January, according to Fred Barnes, president of the CMC and executive vice president of DMG World Media, the minority shareholder in the building.

CMC is a landmark building in downtown Los Angeles that attracts thousands of apparel buyers annually. The BID will carefully monitor changes to this format that could affect the economic impact of the apparel industry in the region.

### **CRA Parking Study**

The BID attended the parking study meeting on October 6, 2004 and we have forwarded our own parking study information to Wilbur Smith who are conducting the study. We are supporting the construction of a parking structure near California Market Center to accommodate the increase in buyer and shopper traffic.

### **Off-Duty Police Officers in Uniform**

At a downtown meeting on Thursday, November 4, 2004, Councilmember Dennis Zine addressed a number of issues including the concept of allowing BIDs to have the option of hiring off-duty police officers to work in uniform. We will work with Councilmember Zine to get this item before the Police Commission in the near future.

### **Fire Station Name Change Request Withdrawn**

After visiting the Skid Row Fire Station the BID decided to withdraw the request submitted to Chief William Bammattre, LAFD, to consider changing the name of Fire Station # 9 from the Skid Row Fire Station to the Fashion District Fire Station. LAFD officers are extremely proud of the fact that Skid Row Fire Station receives and responds to more calls than any other fire station in the country. The BID is very honored to have this fire station and its dedicated force in our neighborhood.

### **Business Tax Reform**

The Business Tax Reform proposal was adopted by the City Council on October 31, 2004. Proposal reforms will be implemented beginning January 1, 2006. The most important initiatives in the proposal, written by Council Member Wendy Gruel, District 2, and Council Member Eric Garcetti, District 13, will exempt businesses with gross receipts below \$100,000, reduces the number of tax categories from 64 to six, and provides additional tax relief of 3 – 5 % each year, between 2006 – 2010, for all businesses. The BID Board voted unanimously to endorse these proposals to reform business taxes and letters of support for the tax reform initiative were sent to all Council Members in June 2004.

### **Newsrack Regulations Pass**

On December 17, 2004, the City Council gave final approval to the news rack ordinance to regulate the placement and color of news racks throughout the city. The ordinance will limit the number of racks to 16 for every 200 feet of sidewalk with no more than four at any one location. All news racks would have to be painted ivy green. This is good news for many merchants in the LA Fashion District who have complained about too many news racks in front of their stores. Clusters of the news racks create additional sidewalk obstructions on already narrow sidewalks.

### **Mayor's Request for Sales Tax Increase Support**

Mayor Hahn is proposing an increase in sales tax to pay for additional police. Board members agreed to submit individual support letters.



### **IDA Annual Conference in Vancouver BC**

Kent Smith and Lynn Myers attended the four-day conference in British Columbia. This year's conference format was revised to include a special program track for experienced downtown professionals looking for new insights into downtown development beyond the basics. The Big Idea breakout sessions for visionary approaches to challenging topics were the highlights of the conference. Topics included sessions on homelessness, planning, cultural tourism and a 50 year retrospective on downtown development. Vancouver was a perfect setting for the conference. Few cities in the world have paid this much attention to design and planning. Guided by a long range plan, over the last 30 years Vancouver has melded residential, retail, office, dining and entertainment uses into an innovative, pedestrian-oriented city center.

### **Proposed 2005 First Quarter Administration/Advocacy Activities**

- Meet with new members of the Board of Directors and distribute 2005 Board of Directors Manuals.
- Support Councilman Zine's proposal allowing off-duty police officers to work in uniform when employed by BIDs.
- Monitor changes resulting from sale of California Market Center
- Continue meetings with the City Attorney to discuss BID/City contract amendments.
- Continue attending meetings of the Parking Study Steering Committee and Downtown LA Neighborhood Council.
- Attend CRA PAC meetings and continue to monitor and advise on matters related to the City Centre Redevelopment Project.

### **Image, Communications and Special Projects Programs**

The LA Fashion District BID Image & Communications programs are developed to create a positive image for the District based on the positive changes that take place. Programs are designed to attract new investors and customers to the District as well as attract City investment to the District.

### **Fourth Quarter Activities**

### **Fall Newsletter**

**Fashion Files** focused on the District as a neighborhood with new residential buildings, art galleries and restaurants in the already thriving wholesale and retail scene in the LA Fashion District. Property owners and merchants were encouraged to prepare for the holidays by dressing up window displays instead of creating sidewalk obstructions with clothing racks. They were also provided contact numbers to report illegal animal sales and informed of ongoing pedestrian counts. Owners were also encouraged to vote in the second open election of Members to the Board of Directors.

The newsletter is an important communication tool that shows a snap shot of District activities and celebrates its successes as well as its ever-evolving nature. The newsletter also provides stakeholders with the most up to date information on BID services and programs. Over 4,000 newsletters were distributed by mail and delivered to every tenant in the 90-block district. *A copy is enclosed as Attachment 5.*

### **BID Showcases District in Santee Court Window Display**

Over 90 photos of the LA Fashion District create an eye-catching assemblage of businesses, people, BID service delivery and activity for pedestrians passing by Santee Court at 7<sup>th</sup> and Los Angeles Streets. A photo of the window display is featured in **Fashion Files**.

### **New Streetscape Banners**

New banners were installed throughout the District in time for the holiday season and the response has been very positive. The new banners, in the District's signature colors, are highly graphic and represent the diverse activity in this vibrant District and serve an important wayfinding function for visitors. The bright yellow banners will further complement the new downtown wayfinding signage markers that are expected to be installed in January 2005.

### **Holiday Shopping Tour for Foster Teens**

The BID hosted 14 LA-area foster teens from the Olive Crest charity and treated them to a shopping spree throughout the District. Upon their arrival, each received a pre-shopping goodie bag full of clothing and accessories donated from stores on the tour. Each teen also received spending money to use in the District and were treated lunch at El Salvador Café. Stores on the tour route provided additional discounts especially for the participants. A great time was had by all!

### **Holiday Advertising Campaign**

Holiday radio ads on KCRW, KNX and PULSE (traffic and weather sponsorship for Spanish language stations including K-BUENA, K-HJ, K-XME and K-WIZ) began running on November 29. The rotated spots on KNX ran from 5am – 9pm. Underwriting sponsorships ran on KCRW during shows such as Morning Becomes Eclectic, Morning Edition and Nocturna. Spots through PULSE ran from 6am – 7pm. Holiday print ads started running on November 15 in the Downtown News, LA Weekly, Daily News and La Opinion. The ad reminded shoppers that the Fashion District has "something for everyone."

### **Economic Development Study**

The Board of Directors approved allocating approximately \$75,000 for this study at its meeting on November 21, 2004. The BID drafted terms of reference for the study and issued an RFP to three firms to receive proposals by January 7, 2005. The plan is to produce a comprehensive market research study to quantify the positive changes in the District since the last study conducted in 1996 in order to attract city, state, and media attention to the District.

### **The Intersection**

Members of the wholesale industry marketing collaborative met in December to discuss goals for 2005. Advertising in national editions of Women's Wear Daily and California Apparel News has paid off with a significant increase in buyer attendance at the November 2004 Market Week.

### **Fourth Quarter 2004 Website Hits**

Fourth quarter website hits are consistently hitting and exceeding the 1 million mark on a monthly basis. In the fourth quarter there was a 100% increase over 2003 fourth quarter activity.

#### **2003-2004 Website Hit Comparison**

	<b>2004</b>	<b>2003</b>
October	1,628,328	789,990
November	1,705,392	834,365
December	1,721,116	885,268
<b>Totals</b>	<b>5,054,836</b>	<b>2,509,623</b>

#### Fourth Quarter 2004 Media Impressions

Media impressions rose slightly in the fourth quarter over 2003 fourth quarter totals.

##### Fourth Quarter Media Impression Comparison

	2004	2003
October	30,798,187	24,879,190
November	29,567,742	38,451,561
December	27,041,687	23,987,766
<b>Totals</b>	<b>87,407,616</b>	<b>87,318,517</b>

#### Overall Comparison of 2003 – 2004 Media Impressions and Website Hits

In 12 months, numbers more than doubled in both categories

Media Impressions  
2003 – 192,800,567  
2004 – 512,388,241

Website Hits  
2003 – 8,504,189  
2004 – 15,955,229

#### Free Advertising Dollars

Based on a count of media impressions garnered by unpaid print advertisements and public relations stories, the BID leveraged \$1,859,847 in free advertising in the fourth quarter of 2004. This represents a **25%** increase over third quarter totals.

Analyzing data to determine the amount of free advertising dollars garnered by media stories represents a new benchmarking tool for the BID in 2004. The monthly calculations have established a baseline for comparison during 2005 and future years.

This recording tool was developed to measure the success of a new marketing direction that start in 1999, when the Board of Directors agreed to maximize the limited marketing budget with press releases about current events in the LA Fashion District.

An informal analysis of 1999 media impression showed that the district garnered \$115,000 in free advertising. Compared to 2004 records, the BID's marketing efforts over five years show a **1517%** increase – a very significant testimony to the district's ability to leverage maximum free advertising dollars with a modest budget.

#### Proposed 2005 First Quarter Image & Communications Activities

- Fashion District print advertising creative and media placements
- Winter 2005 Fashion Files newsletter
- Begin work on revamped website
- Review proposals for Market Research Project

## **Special Projects Programs**

BID Special Projects programs focus on specific issues important to the district such as: day laborers, public restrooms, parking improvement, uniform signage streetscape improvements, and in the fourth and fifth years of the District, BID renewal expenses.

### **Fourth Quarter Activities**

#### **MTA Streetscaping Grant**

Although we are encouraged that \$140,000 is now encumbered for the design phase of the \$1.3 million streetscape project for the Santee Alley area the project is unlikely to move ahead until 2007. Three obstacles are preventing progress. The storm sewer replacement project at Maple on 11th and 12th Streets must be completed before work is started on the streetscape project. Lack of funding from the 2005 Transportation Grant Fund and the city's hiring freeze are also hindering start up of the streetscape project.

#### **Storm Sewer Project at Maple Avenue, 11<sup>TH</sup> and 12<sup>TH</sup> Streets**

We received information from Jeff Catalano of Councilmember's Jan Perry's office that preliminary design work for the \$500,000 storm sewer replacement project is now underway. This work must be completed in advance of the streetscaping project.

#### **Community Redevelopment Agency (CRA) Art Project**

CRA representatives moved forward with formulating concepts for a large scale public art project on the California Market Center premises. In October, the CRA team met with the BID and CMC to discuss possible alternatives and develop plans for the next steps. The group agreed to proceed with a juried invitational event. A unique angle for funding the new project was proposed by Mr. Paul Lentz, General Manager of CMC. He indicated interest in receiving a quote for a well-known public art project in the 9th Street entry of CMC. Sale of the work could fund a portion of the new project. The CRA team is researching the possibilities. Since that meeting, CMC is in escrow and the new owner has not yet indicated if he intends to continue this proposal. The BID will monitor the progress of this art project plan and locate a different site or project if necessary.

#### **2004 Pedestrian Count**

The BID conducted aggregate 8-hour pedestrian counts starting in October and continuing through November at 31 locations throughout the district. Using the same count locations and methodology as counts conducted in 2000 and 2002 allows the BID to compare data over several years. Special counts were conducted for the Fall Market Week in November, and holiday shopper counts in December. The counts are conducted every other year as a means gather data that help us to analyze changes in visitor numbers. Publication of the results and comparisons is planned for January 2005.

#### **Wayfinding Signage Update**

Installation of 545 vehicular signs is projected to start on January 15, 2005 and finish in March 2005. This will be followed by the installation of 471 pedestrian signs and 285 maps.

The Confederation of Downtown Associations agreed to allocate \$145,000 to market the signage system to the public. Central City Association will ask their public relations firm (which we are using for our holiday event) to submit a proposal. Katherine Schmidt is on the committee to oversee their work.

#### **2005-2006 Housing and Community Development Consolidated Plan/3<sup>rd</sup> Action Plan Funding**

### **Application for CDBG, HOME, ESG & HOPWA**

The BID submitted an application to fund a BID Action Team in this round of CDD applications. The BID Action Team proposal meets all the criteria for eligibility as a public service that meets a national objective. The goal of the project is to create a team of two outreach workers and a professional social worker that make contact with homeless individuals and families who are in need of access to housing and medical attention.

Letters requesting support for the proposal were submitted to the Los Angeles Housing Authority and Council Districts 9 and 14. Property owners in key locations that are impacted by encampments will be contacted for additional support. A final determination is expected from the federal office of Housing and Urban Development in February 2005.

### **Proposed 2005 First Quarter Special Projects Activities**

- Continue development of the CRA Art Project
- Analyze and publish results of 2004 Pedestrian Count
- Track progress of the Wayfinding Signage program
- Track progress of the application for CDBG funding for a BID Action Team program
- Track progress of the MTA Streetscape and the Storm Drain Reconstruction projects

## **III ATTACHMENTS**

1. Fourth Quarter Financial Report
2. 2005 Budget
3. Fourth Quarter Operations Report
4. 2005 Work Plan
5. Fall Newsletter: [fashion files](#)

**FINANCE****Attachment 1**

Following are the 12 months financial results for the period ending December 31, 2004. The results are un-audited but fairly reflect the Activities of the LA Fashion District BID.

**Downtown Property Owners Association  
Summary of Un-audited Financial Information  
For the 12 months Ended on December 31, 2004**

	<b>2004</b>
<b>ASSETS</b>	
Total Current Assets	\$ 1,726,008
Total Property and Equipment	\$ 169,980
Total Other Assets	\$ 10,400
Total Assets	\$ 1,906,388
<b>LIABILITIES &amp; CAPITAL</b>	
Current Liabilities	\$ 490,064
Long Term Liabilities	\$ -
Retained Earnings	\$ 1,416,324
Total Liabilities & Equities	\$ 1,906,388
<b>REVENUE</b>	\$ 3,385,342
<b>EXPENSES</b>	
Public Space Management	\$ 2,202,174
Administration, Communication & Special Projects	\$ 693,549
South Santee Alley	\$ 205,212
Other	\$ 130,125
Total Expenses	\$ 3,231,061
<b>NET REVENUE</b>	\$ 154,281

## 2005 WORK PLAN

Attachment 4

### for the LA Fashion District Business Improvement District

Developed by the Fashion District Board of Directors, the Fashion District Business Improvement District 2005 Work Plan proposes to continue improving and convey special benefits to properties located within the Fashion District. The Business Improvement District will provide new and continued improvements and activities, including maintenance, security, image/communication and special programs above and beyond those currently provided by the City. This approach has been successfully working in the Fashion District since 1996. It has enabled the District to create a positive image, attract new customers, increase sales, occupancies and property values.

#### **2005 OPERATING BUDGET SUMMARY**

The total improvement and activity plan budget for 2005 is projected at \$3,302,547 made up of the following components:

#### **PUBLIC SPACE MANAGEMENT ACTIVITY**      **\$2,236,253**      **68% of the budget**

**Public Space Safety Programs** comprised of the Fashion District Patrol will continue to deal with crime prevention and inappropriate conduct in the district, 24 hours a day, seven days a week.

**Public Space Maintenance Programs** will continue to increase effectiveness of graffiti removal, sidewalk and alley cleaning, trash removal, weeding, wayfinding signage maintenance, and poster removal.

#### **ADMINISTRATION, COMMUNICATION, SPECIAL PROJECTS ACTIVITY**      **\$670,909**      **20 % of the budget**

**Image and Communication programs** will continue to create a positive image for the district based upon the positive changes that are taking place. Programs designed to attract new investors and customers to the district as well as attract City investment to the district. Market research will be an important activity in 2005 in order to expand business, employment, and economic development efforts.

**Special Project programs** will focus on specific issues important to the district such as: day laborers, public restrooms, surveillance cameras, parking improvement, uniform signage streetscape improvements and in the fourth and fifth years of the District BID renewal expense.

**Administration/Advocacy** The Fashion District improvements and activities are managed by a professional staff that requires centralized administrative support. Fashion District services are delivered 24 hours a day, seven days a week and require management staff 24 hours a day, seven days a week. Advocacy is an important part of the administration function, providing additional City investment and services.

## FINANCE

We have enclosed the first three months financial results for the period ending March 31, 2004. The results are un-audited but fairly reflect the Activities Expenditures of the LA Fashion District BID.

**Downtown Property Owners Association  
Summary of Un-audited Financial Information  
For the 3 months Ended on March 31, 2004**

<u>Budget Item</u>	<u>Expenditure</u>
Public Space Management	\$ 512,964
Administration, Communication & Special Projects	\$ 111,831
South Santee Alley	\$ 52,027
<u>Other</u>	<u>\$ 52,303</u>
Total	\$ 729,125



<b>FINANCE</b>
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We have enclosed the first six months financial results for the period ending June 30, 2004. The results are un-audited but fairly reflect the Activities of the LA Fashion District BID.

**Downtown Property Owners Association  
Summary of Un-audited Financial Information  
For the 6 months Ended on June 30, 2004**

	2004
<b>ASSETS</b>	
Total Current Assets	\$ 2,765,837
Total Property and Equipment	\$ 170,595
Total Other Assets	\$ 10,200
Total Assets	<u>\$ 2,946,632</u>
<b>LIABILITIES &amp; CAPITAL</b>	
Current Liabilities	\$ 1,495,306
Long Term Liabilities	\$ -
Retained Earnings	\$ 1,451,326
Total Liabilities & Equities	<u>\$ 2,946,632</u>
 <b>REVENUE</b>	 \$ 1,698,995
<b>EXPENSES</b>	
Public Space Management	\$ 1,080,501
Administration, Communication & Special Projects	\$ 220,398
South Santee Alley	\$ 103,760
Other	\$ 105,053
Total Expenses	<u>\$ 1,509,712</u>
 <b>NET INCOME/(LOSS)</b>	 \$ 189,283

<b>FINANCE</b>
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Following are the first 9 months financial results for the period ending September 30, 2004. The results are un-audited but fairly reflect the Activities of the LA Fashion District BID.

**Downtown Property Owners Association  
Summary of Un-audited Financial Information  
For the 9 months Ended on September 30, 2004**

	<b>2004</b>
<b>ASSETS</b>	
Total Current Assets	\$ 2,085,824
Total Property and Equipment	\$ 159,878
Total Other Assets	\$ 10,200
Total Assets	\$ 2,255,902
<b>LIABILITIES &amp; CAPITAL</b>	
Current Liabilities	\$ 732,409
Long Term Liabilities	\$ -
Retained Earnings	\$ 1,523,493
Total Liabilities & Equities	\$ 2,255,902
 <b>REVENUE</b>	 \$ 2,534,393
<b>EXPENSES</b>	
Public Space Management	\$ 1,610,653
Administration, Communication & Special Projects	\$ 344,457
South Santee Alley	\$ 155,405
Other	\$ 162,428
Total Expenses	\$ 2,272,943
 <b>NET INCOME/(LOSS)</b>	 \$ 261,450

Following are the 12 months financial results for the period ending December 31, 2004. The results are un-audited but fairly reflect the Activities of the LA Fashion District BID.

**Downtown Property Owners Association  
Summary of Un-audited Financial Information  
For the 12 months Ended on December 31, 2004**

	<b>2004</b>
<b>ASSETS</b>	
Total Current Assets	\$ 1,726,781
Total Property and Equipment	\$ 169,001
Total Other Assets	\$ 10,400
Total Assets	\$ 1,906,182
<b>LIABILITIES &amp; CAPITAL</b>	
Current Liabilities	\$ 479,870
Long Term Liabilities	\$ -
Retained Earnings	\$ 1,426,313
Total Liabilities & Equities	\$ 1,906,182
<b>REVENUE</b>	\$ 3,388,421
<b>EXPENSES</b>	
Public Space Management	\$ 2,203,516
Administration, Communication & Special Projects	\$ 681,239
South Santee Alley	\$ 205,212
Other	\$ 134,183
Total Expenses	\$ 3,224,151
<b>NET REVENUE</b>	\$ 164,270